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The heart may rule the harpoon
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FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND MAY 15/MAY 16 1993 D8523A

Norway to resume whaling within weeks despite ban

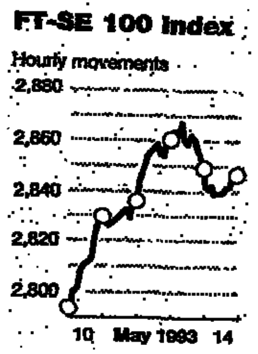
Norway said yesterday it would resume commercial whaling within the next few weeks in defiance of a decision by the International Whaling Commission to maintain a ban.

The UK and other nations opposed to commercial whaling had claimed victory at the IWC's annual meeting in Kyoto, Japan. But both Japan and Norway say scientific evidence supports continued whaling. **Page 24; Culture clash, Page 9**

French siege: A gunman was holding six children and a teacher hostage as a siege at the Commandant Charcot nursery school in the Paris suburb of Neuilly entered its second day. He is demanding a FFr100m (£12m) ransom.

London equities:

FT-SE 100 Index



The UK stock market ended a successful week with an uncertain session which left share prices little changed from the previous day's close. The FT-SE Index closed at 2,847, a net loss of 2.3. Over the week, the index has risen by 53.3 points as the government's political misfortunes have been translated into hopes of a base rate cut.

London stocks, Page 15

Swan Hunter: Eight hours of talks ended inconclusively over the fate of three Type 23 frigates being fitted out by Tyneside shipyard Swan Hunter when it went into receivership on Thursday. Page 7

Music industry probe: The UK music industry is to be investigated by the Monopolies and Mergers Commission after Sir Bryan Carsberg, director general of fair trading, said he was not satisfied with explanations given for the high price of compact discs. **Page 24; Letters, Page 9**

Escudo: The Portuguese escudo will not necessarily follow another devaluation of the Spanish peseta, Miguel Beleza, governor of the Bank of Portugal, the central bank, said. Page 2; Currencies, Page 13

Fifty killed in S Africa blast: Rescuers said 50 miners had died and three were still missing after a methane gas explosion at Middelbult coal mine at Secunda, 80 miles from Johannesburg.

Dresdner Bank: Group operating profits at Dresdner Bank, Germany's second biggest bank, rose by around 15 per cent in the first four months of 1993, Wolfgang Röller, the bank's outgoing chief executive, told shareholders. Page 12

BA rights issue expected: British Airways is expected to launch a rights issue to raise up to £400m on Tuesday when it reports its financial results for the year to the end of March. Page 10

China raises interest rates: China raised interest rates on bank lending from 8.64 per cent to 9.36 per cent in an attempt to cool an overheated economy and avoid a resurgence of inflation that is threatening reform. Page 3

US output rises: US industrial production edged up 0.1 per cent last month after a pause in March, indicating the economy is moving ahead slowly, the Federal Reserve said. Page 3

Lonrho, the international trading group, said it had signed a contract to sell the Observer, Britain's oldest Sunday newspaper, for £27m to the Guardian and Manchester Evening News. Page 10

Boys plead not guilty: Two 10-year-old boys pleaded not guilty to the abduction and murder of James Bulger and the attempted abduction of another two-year-old. Mr Justice Morland said their trial would begin at Preston Crown Court on November 1.

Group 4 may get extra fee: Britain's prison service may pay extra money to Group 4, the country's first private prisoner escort service, to cover additional work not included in its original £9.5m contract.

£99,000 - That's All Right!: Elvis Presley's 1942 Martin D-18 acoustic guitar, used to record That's All Right and Blue Moon of Kentucky, was bought for £99,000 by a US businessman at auction at Christie's in London.

■ STOCK MARKET INDICES		
FT-SE 100:	2847.0	(-2.3)
Yield	3.99	
FT-SE Eurotrack 100	1148.21	(-6.95)
FT-A All-Share	1402.58	(-0.1%)
Nikkei	20474.15	(-58.63)
New York: lunchtime		
Dow Jones Ind Ave	3450.48	(+2.49)
S&P Composite	439.35	(+0.12)
■ US LUNCHTIME RATES		
Federal Funds:	$2\frac{15}{16}$%	
3-mo Treas Bills: Yld	3.003%	
Long Bond	$102\frac{7}{16}$	
Yield	6.946%	
■ LONDON MONEY		
3-mo Interbank	$6\frac{1}{8}$%	(6%)
Liffe long gilt future:	Jun $103\frac{7}{16}$	(Jun $103\frac{3}{4}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (July)	$18.48	(18.89)
■ Gold		
New York Comex (June)	$368.3	(369.3)
London	$367.80	(369.15)

■ STERLING		
New York lunchtime:		
$	1.537	
London:		
$	1.5385	(1.5255)
DM	2.465	(2.4625)
FFr	8.315	(8.305)
SFr	2.2325	(2.225)
Y	170.5	(170.25)
£ Index	80.0	(79.7)
■ DOLLAR		
New York lunchtime:		
DM	1.60295	
FFr	5.40975	
SFr	1.4505	
Y	110.885	
London:		
DM	1.602	(1.6145)
FFr	5.405	(5.445)
SFr	1.4505	(1.458)
Y	110.9	(111.65)
$ Index	64.3	(64.5)
Tokyo close Y 111.65		

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Pay accord set to end German stoppages

Compromise would speed up equalisation of pay rates

By Judy Dempsey in Berlin

THE STRIKES which have threatened to paralyse eastern German industry are likely to be called off next week after unions and employers reached a compromise yesterday on pay rises for eastern German workers.

Agreement was reached in principle on equalising pay rates between east and west German workers by 1996, instead of 1994 as promised in an earlier agreement. The deal followed 21 hours of negotiations in the Saxon capital of Dresden between Gesamtmetall, the metal and electrical employers' association, and IG Metall, the engineering union.

There was relief in Bonn that the prospect of a prolonged and damaging dispute had been averted. But the deal will significantly increase wage costs for

Strike pawns ....Page 2

eastern industry, already uncompetitive, and could have a damaging effect on foreign investment in the region. The strikes, which have already affected over 90 enterprises and more than 40,000 workers are expected to will be called off by next Wednesday.

The union will ballot its members in the five eastern German states early next week, using the Saxony compromise as a basis. The strikes, the first in eastern Germany for over 60 years, were aimed at forcing employers to reinstate a contract, signed with the union in March 1991 which would have equalised western and eastern German wages next year. This would have meant pay increases of 26 per cent for eastern Germany's metal and electrical sectors, and 21 per pay rises for its steel sector. Eastern German wages are currently about 68 per cent of western German levels.

The employers said they pulled out of the contract because of deteriorating economic conditions nationally in both eastern and western Germany, and persistent low levels of productivity in the east, which lag behind the west by about 70 per cent. IG Metall accused employers of breaking the contract to erode the traditional system of collective wage bargaining, and turn eastern Germany into a low-wage economy.

Yesterday's agreement, mediated by Mr Kurt Biedenkopf, the prime minister of Saxony, reinstates the principle of the contract, but in a substantially modified form. Income parity has been put back to mid-1996. At the same time, eastern German wages will rise to 80 per cent of western German levels by next December, instead of last April. These pay increases will be phased in on July 1, when they will rise to 75 per cent, and to 77 per cent on September 1. In practice, they reflect an annual pay increase of about 15 per cent. Gesamtmetall, which had repeatedly said it would never reinstate the principle of the contract, also failed to obtain an unconditional "opt-out" clause for those enterprises which could not afford to pay these increases. Instead, they will negotiate at local level.

Neither side appeared jubilant. Mr Hans Peter Münter, Gesamtmetall's main negotiator, said the agreement "was a painful compromise." "We have gone to our absolute limits to meet the union's demands," he said. Mr Hasso Düvel, IG Metall's principal negotiator, said the result "could only be achieved through 14 days of strikes."

Terry Venables is given vocal support from a Tottenham Hotspur football fan yesterday after he was sacked as chief executive of the club

Major seeks to calm Tory panic

By Philip Stephens, Political Editor, in Edinburgh

MR JOHN MAJOR last night began the painful process of rebuilding his political authority by promising to deliver sustained economic recovery, radical reform of public services and a tough campaign against crime.

In a speech to the Scottish Conservative Conference which mingled contrition for past mistakes with a pledge that his government would "stick to its principles", the prime minister acknowledged openly the scale of last week's election defeats.

After a week that has seen two significant government U-turns, he admitted that a small 18-seat majority in the House of Commons would force the government into occasional climbdowns: "We may have to tack a little here, manoeuvre a little there. That's politics."

But in an attempt to calm the panic in Conservative ranks which has raised questions over his leadership, he stressed his supporters should not "over-react". The government still had four years to "take through our programme of modernising Britain".

As cabinet colleagues talked of drawing a line under the county council and Newbury by-election defeats and the subsequent U-turns over education and unit fines, Mr Major added: "We Conservatives know all about fightbacks. And today once more we are coming out fighting."

Mr Major made only a passing reference to Mr Norman Lamont, praising the chancellor's "determination", "skill" and "guts". But he reinforced expectations of a summer cabinet reshuffle by adopting a conspicuously more contrite tone than Mr Lamont about the unemployment, bankruptcies and house repossessions caused by recession.

Acknowledging that the government's political future now hinges on a durable economic recovery, Mr Major said the government would match its determination to contain inflation with a drive to build a stronger manufacturing base. He told the conference: "No more boom and no more bust. We are going for steady non-inflationary growth."

In a swipe at the Tory opponents of the Maastricht treaty – it was easy to play John Bull in a china shop – the prime minister insisted that Britain's eco-

Continued on Page 24
Politics, Page 7
Class action victim, Page 9

Sugar ousts Venables after Tottenham board battle

By Jane Fuller, Alan Cane and David Hellier

MR TERRY VENABLES, the football manager turned entrepreneur, was yesterday sacked as chief executive of Tottenham Hotspur, one of Britain's top clubs, in a boardroom battle led by Mr Alan Sugar, the self-made electronics millionaire.

Mr Venables, who played a key role in rescuing Tottenham two years ago, was ousted after an hour-long board meeting dominated by Mr Sugar, chairman of the holding company which owns and runs the north London club.

Mr Venables' dismissal at the hands of the man he brought in to help rescue the club shocked fans and provoked outbursts from some of the players.

As Mr Venables left the club's north London stadium, mobbed by scores of fans demonstrating their support for him, all he would say was that he would be consulting his solicitor.

Mr Sugar, who is also chairman of Amstrad, the electronics company, has invested more than £10m in Tottenham and now owns 48 per cent of the equity.

After yesterday's unexpected events he told a downcast staff meeting at White Hart Lane that there had been a difference of opinion between himself and Mr Venables. Only one person could run the club.

There was also an unexplained reference to "a particular group" influencing Mr Venables.

Mr Sugar praised the former chief executive's football manage-

Page 7
Soccer's dream ticket falls foul

ment skills, but was critical of his activities on the commercial side. He described as ludicrous any suggestion that he wanted to be involved in team selection or team management. Mr Venables is reported to have accused Mr Sugar of wanting to run the whole thing.

Supporters at White Hart Lane were stunned by the day's news. Mr Bernie Kingsley, of Tottenham Independent Supporters' Association, many of whom own shares, said: "We think it is an appalling decision and there is no apparent justification for it." In 1991 "we supported Sugar because he was brought in by Terry and he had some money."

Angry fans were planning a demonstration at a testimonial match at Enfield last night and the association was also proposing a protest meeting to which both Mr Sugar and Mr Venables would be invited.

The team's trainers, Mr Ray Clemence and Mr Doug Livermore, drove out of the stadium at 5.30pm in a silver-metallic Mercedes.

Mr Venables has put about £3m, much of it borrowed, into Tottenham, taking his stake to 22 per cent. At yesterday's closing price of 89p, this was worth nearly £3.2m – not enough to cover all his financing costs.

Mr Venables could claim the best part of £1m from the club. According to the rights issue document, Mr Venables was earning £225,000 a year on a five-year contract running to July 1996. He was also entitled to about 1.5 per cent of pre-tax profits and a year's notice.

London exchange cracks down on private briefings

By Angus Foster in London

THE LONDON Stock Exchange yesterday cracked down publicly for the first time on the selective leaking of sensitive information.

In a highly unusual move, the exchange publicly censured London International Group, the condoms to photo processing company, for revealing important information to a group of analysts and institutions rather than to the market generally.

The ruling raises questions about what some see as "cosy" relationships between companies and analysts, and the way analysts are often guided towards a company's expected profits or losses.

The City reacted with unease to the ruling, which it believes could signal a general tightening of approach by the authorities and change the way information flows from companies to investors.

"It's a very fine line, and this will make the job of running a company or being an analyst much more difficult," a merchant banker said.

City professionals said the exchange's rebuke to LIG would force companies to review how they release price sensitive information. One observer said the case could result in greater use of public announcements for releasing information, and fewer private briefings for analysts.

The exchange said that an unnamed LIG employee, believed to be below director level, was told by the company's board to release certain information about its trading performance.

On February 1 this year the employee spoke separately by telephone to 13 analysts and four of the company's largest institutional shareholders and told them their profit expectations for LIG were too high. At least three times he exceeded the board's instructions by indicating the extent to which forecasts should be lowered, the exchange said.

Late that morning, LIG's shares started falling and ended the day down 22p, or 8 per cent, at 248½p. The exchange started an insider dealing investigation following the price fall and complaints from some brokers who had not been contacted by the company.

Continued on Page 24

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Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; China Fec 13.0; Canada C$1.40; Croatia SLT220; Cyprus C£1.00; Czech Rep Kcs45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$18; Hungary Ft172; Iceland IKR180; India Rup40; Indonesia Rp3,600; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway NKr16.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep KSL45; Slovenia NRDS.700; Spain Pta200; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20; Taiwan NT$88; Thailand Bht50; Tunisia Din1.250; Turkey L7000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

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Spanish poll battle fuelled by peseta row

By Peter Bruce in Madrid

SPANIARDS, who woke up poorer Europeans yesterday after an 8 per cent devaluation of the peseta late on Thursday, spent much of the day glued to the radio.

They were trying to find out where the fallout would settle after "Black Thursday" – eight hours in which the peseta was devalued, interest rates fell and the government reported higher unemployment and inflation. This would be the blackest weekend for the Socialist government before the general election on June 6.

But reaction was mixed, despite the best efforts of the opposition to focus attention on the fact that the devaluation of the peseta on Thursday was the third in nearly nine months and seemed to imply a failure of government economic policy.

Mr Jordi Pujol, chief minister of Catalonia and a likely power broker in what promises to be a hung parliament after the election, only half-blamed the government. The Socialists had become "lost in a grand delirium" by trying to hold the peseta at unsustainable levels, he said, but the devaluation was good news for industry and agriculture.

That dilemma affected even the harshest critics of the government in business, which warmly welcomed the Bank of Spain's 1.5 percentage point cut in official interest rates, down to 11.5 per cent.

Mr Carlos Espinosa de los Monteros, chief of Daimler-Benz in Spain, and a possible finance minister should the conservative Partido Popular (PP) unseat the Socialists in June, said devaluation had been inevitable. But while he warned that "every devaluation should be accompanied by a package of measures" to reinforce its credibility – an impossibility until after an election – responsibility for reducing wage costs "is not just the government's, it is society's as a whole".

Mr Jose Maria Aznar, the PP leader, had no such nuances. "We have to get this government out of the way," he told an election rally, "before they do any more damage."

But as commercial banks announced sharp cuts in lending rates, the PP's problem, in trying to attack the government on the devaluation, is that it has come as a relief to the country. The Madrid stock market rose for the second day in a row as euphoria over the interest rate cuts generated heavy trading. And were the opposition to criticise the new parity, this could only provoke further speculation against the currency.

This is already a campaign based on the personalities of Mr Aznar and prime minister Felipe González, rather than on policy, and the PP must try to persuade undecided voters that while the interest rate cuts are welcome, the cost of not making them earlier has cut the country's foreign exchange reserves almost in half, to less than $20bn (£13bn), and that high interest rates have cost jobs and businesses.

Nevertheless the government, which cleverly sought the devaluation on the same day as year-on-year inflation in April was said to have risen from 4 per cent to 4.6 per cent and which used the turmoil to announce that 253,000 people had lost their jobs in the first quarter of this year, was bracing itself for a media battering over the weekend.

Mr González and his lieutenants were trying to counter accusations that they had reversed the hardline monetary policy, by arguing that the interest rate cuts would mark the beginning of a recovery for the economy, which has been in recession since late last year.

'Escudo will not always follow peseta'

By Peter Wise in Lisbon

THE EXCHANGE markets are wrong to think that the Spanish peseta and the Portuguese escudo are irrevocably linked, and the escudo will not necessarily follow another devaluation of the peseta, according to Mr Miguel Beleza, governor of the Bank of Portugal, the central bank.

He was speaking to the Financial Times yesterday after Portugal followed Spain's 8 per cent devaluation of the peseta with a 6.5 per cent devaluation of the escudo on Thursday.

"Our economies are naturally very closely linked in trade and finance. However those links do not imply that we need to follow Spanish devaluations, particularly by the same amount," he said. He pointed out that of Spain's last three devaluations Portugal had only followed two, and only one by the same amount.

Mr Beleza's denial of an inevitable link between the two currencies comes in the the context of political instability in Spain, where analysts predict a stable government may not emerge for some months after the general election on June 6.

The governor made it clear that Portugal would be following political developments in Spain closely, particularly after the election. But he believed there was no reason for the perception in the exchange markets that the escudo would follow the peseta if it was devalued again during a period of political instability.

"Thursday's [Portuguese] devaluation was neither desirable or necessary," he said. "We believe there were no fundamental competitive economic reasons for the escudo to devalue. However, given the circumstances, all alternatives, including doing nothing, were worse."

He said in the absence of the move by the Spanish authorities, Portugal would not have acted. "We would have preferred that none of this happened."

He said the Portuguese economy was much healthier than Spain's in regard to the external balance and unemployment. Portugal would also close its inflation gap with Spain rapidly. Portugal's year-on-year inflation figure for April is expected to be just over 6 per cent, compared to 4.6 per cent in Spain.

Despite Spain's economic difficulties, Mr Beleza appeared generally surprised by the Spanish devaluation and noted that Madrid had unusually decided to act while the markets were still open.

"I certainly hope that the peseta does not need another depreciation. I believe it was too risky not to have followed Thursday's devaluation. There were alternatives but they were too costly. But my point is that we don't have to do it in general."

Meanwhile, the escudo was trading at between Es95.8 and Es96.3 to the D-Mark on Lisbon exchange markets yesterday. The currency was quoted at Es97.5 after the central bank suspended support on Thursday. Short-term interbank interest rates fell from 18 to 15 per cent.

British watch turmoil in ERM with no regrets

By Emma Tucker and Peter Marsh

SPAIN'S troubles in the European exchange rate mechanism have prompted a ripple of satisfaction among British industrialists. Seven months of lower interest rates, a competitive pound and signs of economic recovery have left the ERM with few friends in the business community.

"I'm happy that Britain got out of the ERM when it did," says Mr Bill Ebbert, chairman and managing director of the Vauxhall car group. "The devaluation has made our plants considerably more competitive. I would not jump back in again if it meant the pound moving up to some arbitrarily high level."

Many directors – even those who originally supported membership – believe re-entry is a long way off. The chairman of a large retailer says: "The problem about the ERM was that it was always fatuous to base the country's economic policy around the single goal of bringing down inflation. A broader perspective is required, which could involve a set of detailed policies for a range of industrial sectors."

Sir Christopher Lewinton, chairman and chief executive of the TI engineering group, says it would not be in the UK's interests to go back quickly into the ERM: "We must not try to run before we can walk."

Even the Confederation of British Industry, a former ERM enthusiast, now doubts the merits of an early re-entry to the mechanism.

"I think it is fair to say that re-entry to the ERM is not our number one priority," says Mr Sudhir Junankar, head of CBI forecasts. "Our view is that we should not rejoin the ERM until certain conditions are met, namely more convergence between the economies of Europe and further German rate cuts."

The CBI's caution today compares with the enthusiasm in 1990, when Britain joined the ERM. One of the arguments used then was that a stable exchange rate would make it easier for business to plan ahead.

But companies appear relatively unconcerned by the floating exchange rate, happy to have swapped stability for lower interest rates and a cheaper pound.

"Leaving the ERM was an entirely good thing. Our distributors are now paying a lot less in D-Marks for our equipment than they were," says Mr John Stewart, financial manager of Combustion Development, which makes pollution control equipment.

Mr Michael Atkinson, finance director of Oxley, a small electronics company, says: "We haven't found the floating exchange rate a particular headache. We can take precautions by buying currencies on the forward market to cover certain large transactions."

But amid the enthusiasm for a flexible exchange rate, one or two voices stand out.

Mr Ian Gibson, managing director of the UK arm of Nissan, the Japanese car maker, says: "Business needs a stable exchange rate, but how you achieve this is up to the government and the central bank."

"We are not leaping up and down with joy about being out of the ERM," says the finance director of a scientific instruments exporter. "There was a certain stability there. All we have had now is a short-term boost. Although rates were perhaps too high, a stable environment is obviously the best one to do business in."

More Britons to holiday in Spain

By Michael Skapinker, Leisure Industries Correspondent

SPAIN'S share of the UK package tour market is expected to grow as a result of the peseta devaluation – even though the effect will not feed through to holiday brochure prices until summer 1994.

British travel companies say they do not intend to reduce the cost of holidays to Spain this year, but that bookings are likely to increase because UK holidaymakers will now get more spending money for their pounds once they arrive.

The prices of the 7.5m UK package holidays sold each year are set well in advance as tour operators buy their foreign currency forward. The pre-devaluation exchange rate will apply for this summer's holiday brochures as well as those for winter 1993-94.

Travel agents Thomas Cook said UK bookings to Spain had been rising even before the devaluation. Sales of summer holidays to the Balearic islands are up 18 per cent. Bookings to the Canary Islands have increased 31 per cent and those to mainland Spain have risen 7 per cent.

The company added: "The exchange rate change will result in even heavier bookings as people have that extra confidence that their pound will go further when they get there."

Ms Rosemary Astles, marketing director of Thomson, the UK's biggest travel company, said publicity given to the devaluation in the British press would also encourage bookings.

The impact of the devaluation on brochure prices should be more apparent in August when companies announce their summer 1994 programme. Ms Astles said it was too soon to say whether holiday prices would fall. This depended on the exchange rate at the end of the summer and whether Spanish accommodation owners used the devaluation to push up peseta prices.

The devaluation of the escudo is likely to have less impact, as Portugal is a small market for UK travel companies. Mr Richard Bowden-Doyle, marketing director of travel agents Lunn Poly, says Portugal is likely to be the destination of only 400,000 UK package tourists this year, compared with 2.8m to Spain.

Germany warns Croatian leader

By Robert Mauthner, Diplomatic Editor

GERMANY, Croatia's most loyal supporter in Europe, yesterday warned Croatian President Franjo Tudjman that he risked losing western support if he did nothing to prevent the Bosnian Croats from attacking Moslems in south-west Bosnia.

The warning was delivered by Mr Klaus Kinkel, the German foreign minister, when he met Mr Tudjman in Zagreb. He was speaking both for his own country and the whole EC, which this week sent a similar message to Mr Tudjman.

Mr Kinkel said the United Nations would shortly publish a report containing evidence of direct Croatian involvement in the fighting in Bosnia between Croats and Moslems, formerly allies in the struggle against the Bosnian Serbs.

After two hours of talks with Mr Tudjman, the German minister said other countries considered that Zagreb exerted decisive influence over the Bosnian Croat militias, which are reported to be armed and financed from Croatia.

Though Mr Tudjman denied that Zagreb bore any responsibility for the Bosnian Croats' acts, he told Mr Kinkel he would go to Mostar to try to persuade them to halt their attacks on Moslems.

Meanwhile, fighting between Croats and Moslems continued in Mostar despite a ceasefire, but with less intensity than before. Spanish UN troops came under repeated fire as they tried to approach the line of confrontation between the two warring parties.

A Croat soldier guards foreign prisoners, who Croats claim are fighting for Moslems, in a Bosnian Croat stronghold

Ultranationalists quit pan-Serb parliament

By Laura Silber in Belgrade

MR Slobodan Milosevic, the president of Serbia, yesterday suffered a setback when ultranationalists walked out of a pan-Serbian parliamentary session convened to persuade Bosnian Serbs to back an international peace plan.

The remaining parliamentary deputies voted to back the Vance-Owen peace plan following the walk-out by more than 100 deputies of the Serbian Radical party, until recently unofficial allies of Mr Milosevic. Rebel Serbs from Bosnia and Croatia sent only observers to the extraordinary pan-Serb parliament.

Mr Vojislav Seselj, the extremist leader of the Radicals, dismissed as invalid the declaration, adopted by the deputies from the Yugoslav, Serbian and Montenegrin parliaments. The declaration criticised the Bosnian Serbs for ignoring interests of the people of Serbia and Montenegro.

It also criticised a referendum, to be held this weekend, because Bosnian Serbs would not be able to vote freely in the war situation.

Bosnian Serbs, meanwhile, are voting in the hastily organised referendum that is likely to confirm rejection of the international peace plan for Bosnia and the defiant stand by the leaders of their self-styled Serb state.

The referendum will take place in impoverished towns and villages, destroyed, heavily damaged or abandoned, in the self-proclaimed state of Srpska Republic, which covers about two-thirds of Bosnia. It includes the bulk of eastern Bosnia, which under the Vance-Owen plan has been designated a "Moslem province" adhering to the mostly Moslem structure of the pre-war population.

But Moslems will not be voting: most of them were expelled or killed by Serb forces last spring when they seized control of eastern Bosnia. Besieged for 13 months, Gorazde is the only remaining Moslem stronghold in eastern Bosnia.

Some 500,000 Bosnian Serbs who have sought refuge in Serbia in theory are supposed to vote, but it is unclear what arrangements have been made. Belgrade is unlikely to allow voting.

The number of voters has not been determined. There were about 1.4m Serbs in Bosnia before the war. Voting lists are impossible to regulate. On Thursday night, Mr Petar Cancar, chief of the referendum commission, admitted he did not know the number of voters and that additional consultations were needed.

The likely No vote will further deepen the split between Serbia and and the Bosnian Serbs.

Under threat of military intervention and tough new sanctions, President Milosevic has told Serbs they have won the war and should accept the peace plan. Confronted by another failure to subdue his disobedient creations, Mr Milosevic is bound to tighten further the noose on "Srpska Republika".

Leniency urged for form-filling farmers

By Andrew Hill in Brussels

THE European Commission yesterday urged national authorities not to be too strict with farmers struggling to meet the bureaucratic demands of the EC's reformed common agricultural policy.

Today is the deadline for farmers to submit new forms to national authorities if they want to claim EC funds this year. But many have complained that the new system, which requires farmers to give a detailed breakdown of the area farmed and the type of agricultural activity, is too complex and that Brussels and member states should be lenient about mistakes and delays.

Mr René Steichen, the EC farm commissioner, indicated yesterday that if the Commission found that genuine errors and minor delays were widespread some of the severe penalties for breaking the new rules might be relaxed. But he stressed that this was not an invitation to flout the system.

Officials indicated that a decision on whether and how to relax the regulations would not be taken until next month, after a Commission review of problems with implementing the CAP reform.

The National Farmers Union of England and Wales welcomed Mr Steichen's comments but urged farmers not to interpret the Commission statement as an excuse to delay submission of the forms.

Addressing EC farming organisations in Brussels, Mr Steichen said the Commission and member states should "show flexibility, fairness and understanding" in dealing with the aid applications. But he added that the rules were necessary to prevent fraud.

"Community taxpayers are entitled to be assured that the Ecu35bn [£27.7bn] which will be spent this year to support the EC agricultural sector actually reaches its legitimate destination," he said.

● EC farm spending will rise an estimated Ecu50m (£39.5m) over the next 12 months as a result of Thursday's devaluations of the peseta and escudo, a Commission spokesman said, Reuter reports from Brussels.

Good times predicted if Danes back EC treaty

By Hugh Carnegy and Hilary Barnes in Copenhagen

Danish referendum

DENMARK'S business leaders, anxious to avoid a second rejection of the European Community's Maastricht treaty, said yesterday interest rates would be likely to fall significantly and investment would increase if the country votes Yes in next Tuesday's referendum.

A Gallup poll published yesterday showed the Yes camp growing slightly to 50 per cent, against 32 per cent for the Noes, with 13 per cent undecided and 5 per cent set to abstain.

But a poll in the business newspaper Boersen showed the Noes narrowing the gap significantly. It gave the Yes vote 50 per cent, No 39 per cent, and 11 per cent undecided.

The same poll a week ago showed 53 per cent for Yes and 34 per cent for No, with 13 per cent undecided.

At a joint press conference, leaders of the Federation of Danish Industries, representing manufacturers, the Employers' Association and the Bankers' Association, emphasised a central message of the Yes campaign that a second rejection would have strongly negative economic consequences.

Mr Klaus Willerslev-Olsen, deputy head of the Bankers' Association, said there had been a premium on Danish interest rates since the first referendum last June. He predicted a fall of 1.5 to 2 points in interest rates if there is a Yes this time.

The current key central bank money market interest rate is 9.75 per cent and the official discount rate is 9.25 per cent, about two points ahead of short-term rates in neighbouring Germany.

The Danish krona has been under sporadic pressure during the referendum campaign amid speculation that a No vote would force Denmark to seek an exchange rate adjustment within the framework of the ERM, or even to float the krona.

Mr Poul Erik Pedersen, head of the Employers' Association, said many companies had put investment plans on hold after last June's No.

Lego, the Danish toymaker, suspended a DKr300m (£31.5m) expansion programme and has said the project will only go ahead if there is a Yes vote next week.

Mr Pedersen said a No vote would also have an adverse effect on foreign investment in Denmark. He said a report by the Keidanren, Japan's industrial federation, which for the first time commended Denmark as a potential target for Japanese investment had been withdrawn after last June's vote.

E Germans seen as strike pawns

By Judy Dempsey in Berlin

THE struggle between employers and IG Metall, Germany's powerful engineering union, was not a struggle for the hearts, the minds, or even the economic interests of eastern Germans. Instead, until the early hours of yesterday morning, both sides were determined to use eastern Germany as a means of fulfilling their own goals.

IG Metall successfully balloted, and called a strike for two reasons. The first was a point of principle. It wanted the employers to reinstate a contract signed with the union in March 1991 which would have equalised western and eastern German wage levels by next year.

Both sides agreed on the contract, but for different reasons. Western employers – not wholly united on this – believed high wages would stifle eastern German competitiveness. The union wanted the contract to maintain high wage levels in the west.

In the run-up to the strike, Mr Franz Steinkühler, IG Metall's president, believed that Gesamtmetall, the metal and electrical employers' association, wanted to discard the contract as the first step towards ending the tradition of collective wage bargaining, first in eastern Germany, and then later in western Germany. Yesterday's agreement guards that principle, despite modifications.

IG Metall was also determined to keep up the pressure in the belief if it did not "win" in eastern Germany, then it could not use that victory to maintain high wage levels in western Germany. "We are striking for that as well," one union official admitted, adding: "The strike in eastern Germany is a solidarity strike for today's unemployed, and for those of tomorrow because we will have won for them higher unemployment benefits".

The employers were just as determined to prolong the strike. They too were fighting for a principle, articulated by the *mittelstand* – the small and medium sized enterprises in Gesamtmetall – rather than the big corporations.

The strike might never have started had the giant corporations such as Siemens, AEG, and Volkswagen felt they had something to lose in a prolonged dispute. "We were not worried about the strike," a Siemens official said. "Our turnover in eastern Germany is less than 2 per cent of our total turnover. We can afford the pay rises. The region is not a profit centre for us. We see it in terms of extending our monopoly there," he added.

But for the *mittelstand*, the strike provided an opportunity to break away from collective wage bargaining, and negotiate individual plant contracts which they could afford. They had a point. They started investing in eastern Germany in 1990 and 1991 when markets still existed in eastern Europe and the former Soviet Union. But the collapse of these markets and the recession in western Germany, weakened their prospects.

They genuinely could not afford wage increases of more than 20 per cent this year as productivity continued to lag behind western German levels by at least 65 per cent, and labour costs were 70 per cent above western German levels.

The *mittelstand* has won a partial victory. Income parity has been postponed: it will now be introduced by latest mid-1996. Wage increases will be lower than expected. IG Metall has managed to maintain the principle of collective wage bargaining, albeit with more flexibility.

As for the eastern Germans, IG Metall has proved it can organise a strike in the region for the first time in 60 years. But at the end of the day the five new states have simply been pawns in a power game played by the unions and the employers.

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Japan approves funds for emergency package

By Charles Leadbeater in Tokyo

THE Japanese cabinet yesterday approved a Y2,188bn (£12.9bn) plan to finance the central government's portion of the Y13,200bn emergency pump priming package announced last month to revive the depressed Japanese economy.

Most of the remainder of the package will be financed by a Y5,000bn expansion in funds from the Fiscal Investment and Loan Programme, Japan's shadow budget which is funded by savings deposited in the postal savings system. The FILP funds will finance an expansion in housing loans and small business funds.

About Y3,500bn is expected to be financed by Japan's 3,300 local government bodies from local taxes, regional bonds and their own resources.

Ministry of Finance officials were unable to explain in detail how the remainder of the package would be financed but they indicated it would be a mixture of postal savings funds, local spending and central government grants.

The financing of Japanese government fiscal programmes has recently come in for intense scrutiny from the US, which is pressing Japan to stimulate its economy to help reduce its trade surplus.

US officials argue that pump priming measures funded by the FILP system are less effective in stimulating the economy, because the funds are being diverted from other investments. The Japanese government insists the FILP system is a legitimate tool of its fiscal policy.

The central government contribution to the package will be financed by an increase in government borrowing through a special Y2,246bn issue of so-called construction bonds which are used to finance public investment.

In addition the government will draw Y200bn from its reserves and make Y62.5bn by selling coins to commemorate the June 9 marriage of Crown Prince Naruhito and former diplomat Miss Masako Owada.

The additional bonds means the Japanese government will this year issue bonds worth Y10,380bn. This means about 13.9 per cent of central government spending will be financed by borrowing, compared with 13.3 per cent last year.

The central government's dependence upon borrowing for its spending reached a peak of 34.7 per cent in the 1978 fiscal year, when the economy was recovering from recession.

The Finance Ministry, which opposes any further increase in borrowing, reiterated its commitment to reduce borrowing to 5 per cent of the central government budget in the medium term.

Beijing raises interest rates

By Tony Walker in Beijing

CHINA yesterday raised interest rates on bank lending in an attempt to cool an overheated economy and avoid a resurgence of inflation that is threatening reform.

Interest rates on treasury bills were also increased sharply following the failure of the March offering, which was heavily undersubscribed, prompting the authorities to ban new issues of debt and equities securities.

The Finance Ministry announced that interest on bank loans would be raised from 8.64 per cent to 9.36 per cent, and rates on deposits would also increase in an effort to stop the flow of funds from the banking system.

The interest rate increase had been widely expected in the light of China's continuing high rates of growth and a big jump in urban inflation in the first quarter. The cost of living increase in China's larger cities reached 15.7 per cent in the three months to March.

Western economists were sceptical, however, about the likely effectiveness of the fairly modest increase in the lending rate to slow China's economic juggernaut. China registered growth last year of 12.8 per cent, and an annualised 14.1 per cent in the first four months of this year compared with the same period in 1992.

Among constraints on a larger increase in lending rates is the precarious health of many state enterprises that are heavily in debt and barely surviving. Government officials described steps taken yesterday as an attempt to "fine tune" the economy.

China last adjusted interest rates in April 1991, when it reduced them in an effort to stimulate the economy. The authorities also abandoned at the same time the system that made it compulsory for workers to buy treasury bonds.

Rates on three- and five-year treasury bills have been raised to 12.52 per cent and 14.06 per cent from 10 and 11 per cent respectively. It was not clear whether the new rates would apply to unsold March bills.

But the People's Bank reiterated yesterday that enterprise bonds should not offer rates higher than government paper. China's central bank also repeated its instruction that no enterprise bonds were to be sold before the backlog of treasury bills was cleared.

By the scheduled April 30 expiry date for the March treasury bond issue only about 15 per cent of the Yuan 30bn (£3.3bn) offering had been taken up.

Beijing may consider a broadly based electoral college

China may soften on HK poll

By Simon Holberton in Hong Kong

THE prospect of a resolution of the Anglo-Chinese rift over Hong Kong's political development appeared to improve yesterday with a report of a more conciliatory Chinese attitude to the conduct of the colony's 1995 elections.

The report, by Reuter's news agency, of a softer line from Beijing came amid conflicting signals from China. On Wednesday, for example, an official Chinese commentary on Mr Chris Patten's recent visit to the US described the governor as a "whore".

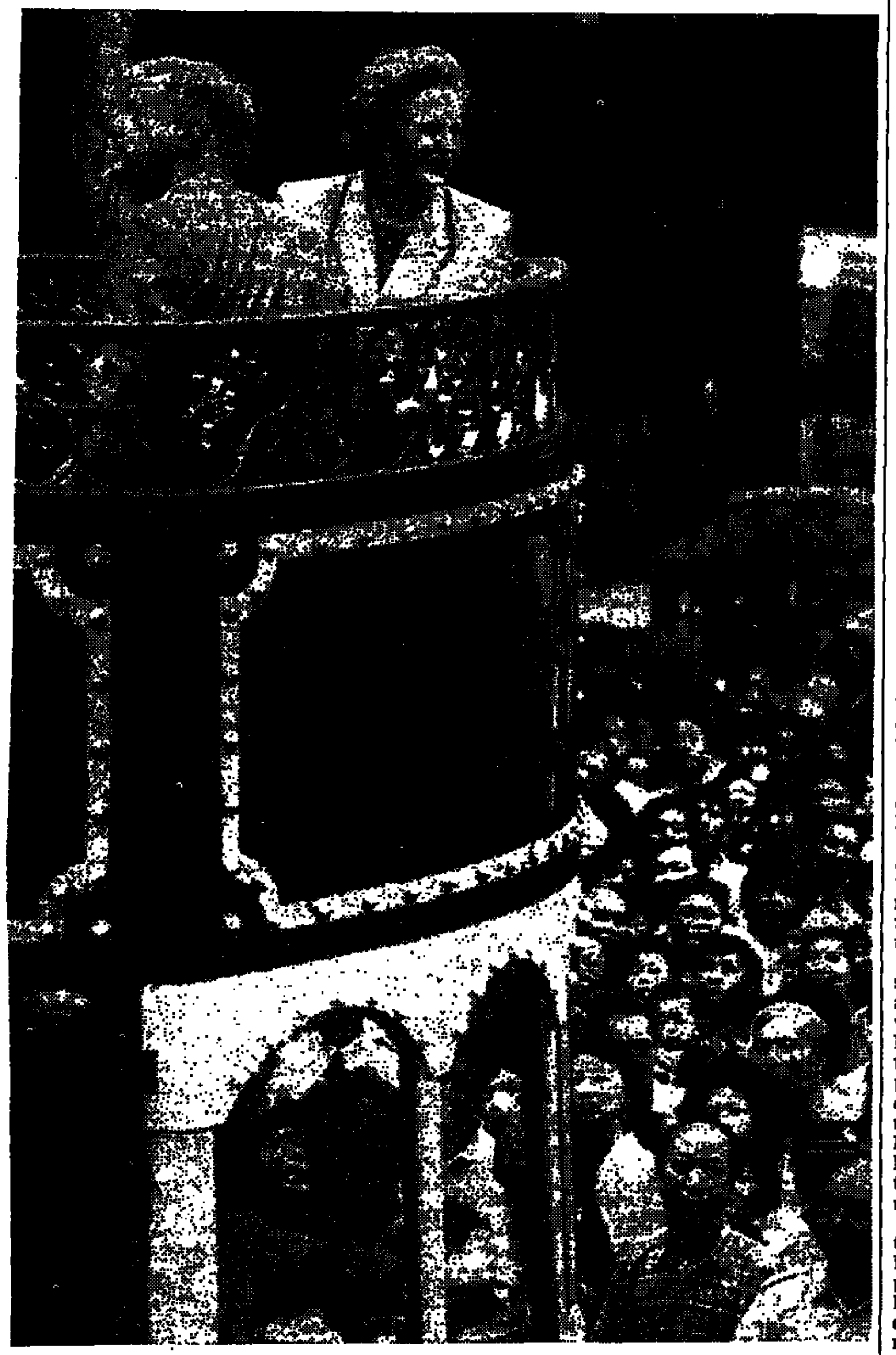
Reuter, quoting Chinese sources in Hong Kong, said Beijing was ready to consider broadening the electoral base for the 30 "functional" members of the colony's Legislative Council proposed by Mr Patten in the autumn. The news agency's sources also said China wanted an electoral college more broadly composed than the one Mr Patten suggested.

Mr Patten's proposals for Hong Kong's political development included increasing the number of voters who would be eligible to elect the "functional" members of the 60-member council, and a requirement that an electoral college, which will appoint 10 members to LegCo, itself be elected.

The governor and his officials have indicated in the past that the precise shape of the electoral college was secondary to the requirement that members be elected.

Meanwhile, Mr Patten seemed to play down the importance of his blueprint for the colony's political development to bilateral talks which began three weeks ago and which resume next week in the Chinese capital. At a press conference yesterday with Lady Thatcher, former UK premier, he described his proposals as "part of our thinking as we take part in these talks".

Since last October he has consistently described his proposals as representing his best judgment of the "balance" in Hong Kong between the desire for more democracy and harmonious relations with China.



Chris Patten atop a Hong Kong tram yesterday with Lady Thatcher who is on a private visit

Indian students cry foul in the exam hall

By Stefan Wagstyl in New Delhi

SOME students will go to almost any lengths to secure a university degree in modern India, such is their importance. Stealing examination papers, bribing invigilators and copying are endemic in many of the country's 206 universities.

However, Indians have this week been shocked to discover that even Delhi University, one of the country's most prestigious, is not immune to allegations of foul play in the examination hall.

Last Saturday, the university authorities were forced to cancel a commercial studies paper after a former student produced a copy before the examination started, claiming he had bought it for Rs10,000 (£206). On Tuesday, a second commercial studies paper suffered the same fate after a journalist bought a leaked copy for Rs5,000.

The leaks followed a host of complaints about misprints in Delhi University exam papers, the poor translation of questions from English into Hindi and the delivery of wrong papers to examination halls.

The protests culminated in a sit-in on Thursday by scores of lecturers outside the offices of the vice-chancellor, Professor Upendra Baxi, demanding action to restore the university's damaged reputation. "What we have earned in 71 years, we now stand to lose because of this failure in the examination system," says Mr S S Rathi, a physicist and one of the organisers of the demonstration.

Professor Baxi has responded by condemning the leaks of papers as an attempt to "sabotage" the university examination system and calling in the police to investigate the alleged leaks.

The number of students enrolled at Indian universities has risen by 75 per cent since 1980 to 4.5m. Delhi University alone has 180,000 students, including thousands doing correspondence courses who sit their examinations in centres throughout the country.

The credibility of some smaller institutions has already been destroyed by the weight of student numbers. Mr Rathi says that some universities have been forced to postpone examinations for a year or more because of student unrest and other problems. Now he fears for the future of Delhi University. "The sanctity of the examination is under threat," he says.

That is a frightening thought for thousands of Indian students and for their prospective employers who have long regarded unversity examination results as the main measure of the worth of potential recruits.

US industrial output makes weak rebound

By Michael Prowse in Washington

US INDUSTRIAL production edged up last month after a pause in March, indicating the economy is moving ahead slowly, the Federal Reserve said yesterday.

Output rose 0.1 per cent, a weaker than expected rebound from March, when production was hit by severe winter storms on the east coast. The annual increase was a more robust 3.4 per cent.

Many forecasters expect a stronger rebound later this quarter following signs that consumer spending is recovering after a weak first quarter. Reports this week showed a 1.2 per cent rise in retail sales between March and April; vehicles sales in early May remained well above first quarter levels.

Consumer confidence, however, remains fragile: the University of Michigan's index was yesterday reported at 81.9 in early May against 85.6 per cent last month, reflecting growing public doubts about the efficacy of the Clinton economic plan. Separate figures yesterday confirmed a big increase in corporate inventories in March, which could depress growth in the second quarter.

The modest overall rise in industrial output last month masked significant differences in sectoral performance. Manufacturing production was up 0.4 per cent and by 4.2 per cent in the past year. However, output of utilities fell.

Production is biased toward business equipment, which rose 0.8 per cent in April for the second month running. Led by a surge in computer production, business equipment output has risen more than 11 per cent in the past year.

Production of consumer goods, however, fell 0.2 per cent last month and was up only 2.4 per cent relative to April last year.

Revisions to data since 1987 led to an increase in the Fed's estimate of the rate of industrial capacity utilisation – to 81.4 per cent last month, which could help explain why inflationary pressures have been stronger than expected.

NEWS IN BRIEF

Italian business leader resigns

MR Franco Nobili last night tendered his resignation as chairman of Iri, the state holding company, following his arrest on Wednesday for alleged corruption, writes Robert Graham in Rome.

Mr Nobili, appointed to head Iri in 1990 by his close friend Mr Giulio Andreotti, the then prime minister, had initially refused to resign.

The Ciampi government is understood to be keen to find a replacement to Mr Nobili to head Iri as soon as possible since the group faced key decisions on privatisation and on reducing L70,000bn (£31bn) worth of debt.

Mr Nobili is alleged to have helped arrange a L600m payment to the Socialists arising from a contract with Enel, the state electricity authority. Milan magistrates are also questioning him about his long period from 1978-89 as the head of Cogefar, the construction group subsequently merged with Fiat's Impresit.

In another development in Italy's corruption scandal, the fast moving enquiry into kick-backs paid on telecommunications contracts led Milan magistrates to warn Mr Carlo Vizzini, a former minister for posts, he was under investigation for alleged illicit funding of a political party.

Norwegian fiscal measures

Norway yesterday unveiled adjustments to its 1993 fiscal budget which pushed the deficit to a record NKr53.9bn (£5.1bn), up from December's forecast deficit of NKr51.4bn, writes Karen Fossli in Oslo.

The minority Labour government also announced plans gradually to reprivatise the commercial banks in 1994, beginning with wholly state-owned Christiania Bank, the country's second biggest bank.

The finance ministry said the state-backed bank insurance and investment funds would issue a limited number of shares in Christiania this autumn in order to establish an indicative price level in the stock market ahead of gradual reprivatisation next year.

In presenting the budget, the finance ministry said the deficit, excluding revenue from North Sea oil and gas, would widen to NKr77.1bn from its December forecast of NKr76.6bn. Norway's overall borrowing requirement will expand to NKr93.7bn from NKr88.2bn seen in December, and NKr55.7bn in 1992, the ministry said. Although the government sees signs of economic recovery, it forecast that gross domestic product growth would slow to 0.8 per cent in 1993 from 1.0 per cent predicted in December.

Iraq ruling on money changers

Iraq yesterday announced measures to legalise private money changers in an attempt to,combat the country's thriving black market, and cure the economy's hyperinflation, writes James Whittington in Amman.

A statement from Central Bank Governor Tareq al Tukmaji, published in the ruling Ba'ath Party newspaper Al Thawra, said that the central bank "has decided to process applications from people wishing to continue dealing with foreign currency."

Kenyan economic liberalisation

Kenya reintroduced key economic liberalisation measures yesterday in a bid to win back western aid suspended 19 months ago. Reuter reports from Nairobi.

Government statements said it was reintroducing "retention accounts", which allow exporters to keep hard currency instead of remitting it to the central bank were being reintroduced with immediate effect. They were abolished in March after a row with the International Monetary Fund.

The statements by the ministries of finance and commerce said the government was also abolishing all controls on imports except for prohibited goods.

The statements were issued hours after the government ended talks with an IMF team.

Yeltsin reforms find regional support

By John Lloyd in Moscow

A KEY Russian conservative leader yesterday admitted that most regional leaders supported President Boris Yeltsin's constitutional reforms.

Mr Nikolay Ryabov, deputy to parliamentary chairman Ruslan Khasbulatov, said that if deputies rejected Mr Yeltsin's plan for a constitutional assembly, they would push society to confrontation.

His change of tack has given the president a substantial boost in his efforts to introduce a constitution designed to bolster his powers.

"The situation in the country has changed. All the heads of the administration and half of the leaders of the local councils will go to the Kremlin (that is, take part in a proposed constitutional assembly). If we step aside from participation this assembly will turn into a constituent assembly and adopt a constitution. We must put this under our control at least in part."

The president got support from an even more surprising quarter – Mr Sergei Baburin, a leader of the hard-line nationalists Russian Unity bloc – though he said that the final decision on the constitution should be taken by the Congress of Peoples Deputies, the full assembly of the present parliament.

In bowing to the increasingly obvious fact of Mr Yeltsin's greater influence and power over the regional leaders, the parliamentary leaders have reserved their right – set out under the present constitution – to act as the final body which can confirm the constitution. This means that Mr Yeltsin has at least convinced some of his opponents that they must fight on ground of his choosing.

This tactical shift by two strong opponents of Mr Yeltsin came at the same time as the parliament voted to ask the Constitutional Court to rule on the legality of Mr Yeltsin's attempt to bypass the parliament by calling the constitutional convention composed of representatives of the republics.

BORIS Yeltsin, the Russian president, claimed a "breakthrough" in the development of the Commonwealth of Independent States after meeting his fellow heads of state in Moscow yesterday, John Lloyd reports.

Mr Yeltsin claimed that all but one of the members of the CIS - the gas-rich Central Asian state of Turkmenistan - had agreed to the creation of an economic union.

However, Mr Leonid Kravchuk, the Ukrainian president who has continued to take a sceptical view of the CIS, said after the meeting: "We have only signed a declaration. We have not created an economic union yet".

Mr Yeltsin said that an Inter-Republican Bank would be set up from October 1, while a customs and currency union would be set up to work in parallel with it.

The RIA news agency said last night that it was expected that a consultative and co-ordinating commission, together with an executive secretariat, would also be created to service the new economic union.

Impeachment judge quits

MR Justice V. Ramaswamy of the Indian Supreme Court, who survived a politically charged attempt to impeach him on corruption charges, announced yesterday he would resign, Reuter reports from New Delhi.

"The defeat of the impeachment motion against me in the Lok Sabha (lower house of parliament) has vindicated my stand," Mr Ramaswamy said. It had also "safeguarded for the future fearless and independent judges from scurrilous attacks and calumny from motivated persons".

Charges had been brought against him by a fellow Supreme Court judge, a state chief justice and an eminent jurist.

Georgian ceasefire agreed in Moscow

By John Lloyd in Moscow and Steve LeVine in Tbilisi

A CEASEFIRE between Georgian and Abkhazian forces in the breakaway republic of Abkhazia was agreed yesterday in Moscow by Mr Eduard Shevardnadze, the leader of the Georgian parliament and Mr Boris Yeltsin, the Russian president.

The two leaders agreed to ensure a cessation of hostilities next Thursday, and to order the withdrawal of all heavy weapons and aircraft from the conflict zone. The two leaders will then reconvene the conference between themselves and the Abkhazian leaders which met last September to end the conflict.

Georgian troops have been fighting rebels in the Abkhazian autonomous republic to the north of Georgia for almost a year, with much of the conflict concentrated round the regional capital of Sukhumi, where sporadic fighting has recently intensified. Russian troops continue to man bases in Abkhazia, and have been accused by the Georgians of helping the secessionists.

Mr Shevardnadze said after the meeting that if the agreements on Abkhazia stood, a general agreement between Russia and Georgia should be signed by mid-June.

The stalemated conflict, along with Armenia's undeclared war with Azerbaijan, has made the Caucasus mountains second only to Yugoslavia as Europe's most hostile region. Abkhazia is seeking independence, but Georgia refuses to alter its status as an autonomous republic within Georgia.

The Abkhazia war has killed an estimated 3,000 people on both sides, and helped to cripple the economies of Georgia and, to the south, Armenia.

The war has also ignited a mercenary movement in the troubled south Russia portion of the Caucasus, a stretch of tiny autonomous republics that form an umbrella over Georgia. Hundreds of Moslem fighters from the Russian Caucusus have gone to Abkhazia to oppose what they see as Georgian aggression.

In addition, Mr Shevardnadze recently suggested that Georgia and Russia themselves risk war because of increasingly persuasive evidence that Russian military forces are backing the Abkhaz with bombing runs over Georgian-held areas.

Mr Shevardnadze has been careful not to antagonise his northern neighbour by accusing Mr Yeltsin of ordering military support for the Abkhaz. He nonetheless believes that Georgia's real war is with Russians, not the Abkhaz rebels, and he has some support.

A western diplomat who visited the warfront said: "There is Russian support, there is no question about it. The Abkhaz would not be able to hold out the way they have if it weren't for Russia."

The war, and a lawless environment in Tbilisi and other regions that the conflict has spawned, have dominated Mr Shevardnadze's attention since he came to power.

The economy has been left in tatters. Most of the republic's 275 factories are closed or operating at 10-30 per cent of capacity. The few foreign investors in Georgia complain that, despite Mr Shevardnadze's reformism, there can be no trade deal without assent from the leader's office.

Mr Shevardnadze sees improved relations with Russia as the key to Georgia emerging from an economic crisis in which GDP has shrunk by more than 35 per cent since 1989.

Russia has worsened the collapse with an economic squeeze.

Moscow has tightened credit and, after months in which cash-broke Tbilisi was unable to pay many government employees, Russia in January backed out of an agreement to supply Rbs60bn to the republic.

Palestinians set out demands

By Mark Nicholson in Tunis

THE Palestinians are unlikely to attend a further round of Middle East peace talks without Israel first lifting its closure of the West Bank and Gaza Strip and accelerating the return of Palestinian deportees in south Lebanon, a Palestine Liberation Organisation spokesman said yesterday.

Mr Jamil Hilal, director of PLO information, said "very obvious, practical steps" would be required from Israel before the Palestinian delegation could return for a tenth round of talks in Washington.

The ninth round finished on Thursday with no signs of progress and no date set for a resumption. Optimism at the start of the three weeks of talks foundered when the Palestinians rejected first an Israeli, then a US-drafted document aimed at bridging differences on a statement of principles to guide negotiations.

Mr Hilal said the PLO leadership in Tunis had been angered by the US proposal, the first direct American intervention in the talks since their inception, which he called "identical to the Israeli position". The Israeli delegates were yesterday still examining the document, which sets out a formula to govern talks towards Palestinian autonomy in the occupied territories.

Mr Hilal also said the Palestinians were disappointed by the US, Egypt and the Gulf states for a failure to deliver on promises made before the latest round of talks and which had finally persuaded the Palestinians to attend.

Chief among these was an apparent undertaking to return more of the 400 Palestinian deportees in south Lebanon and, from some Gulf states, to provide at least $70m (£45m) in immediate aid for Palestinian institutions in the West Bank and Gaza Strip. Mr Hilal said: "These steps and others will have to be taken, as a minimum, before the Palestinians will return to the table."

The next focus of Arab diplomacy bearing on the talks will be a foreign ministers' meeting of all the Arab parties, probably in Amman early next month. The Palestinians will seek a common declaration from the Syrian, Jordanian and Lebanese ministers for a set of conditions which must be met before talks can resume.

NEWS: UK

Company insolvencies continue to fall

By Andrew Jack

COMPANY INSOLVENCIES in England and Wales fell in the first three months of this year for the second quarter in succession, figures from British Chambers of Commerce showed yesterday.

Seasonally adjusted company compulsory liquidations and creditors' voluntary liquidations were 5,705 for the first quarter of 1993 compared with 6,029 in the last quarter of last year and 5,796 in the first quarter of last year.

But the proportion of company insolvencies to total businesses has not declined and remains at its highest recorded level.

It stood at 2.6 per cent of active trading companies and 2.2 per cent of all companies for the first quarter of 1993, the third successive quarter at those levels.

"The specious reaction is that this is a great relief and will relieve the pressure of bad debts on other businesses," said Ms Fiona Johnson from the British chambers. "We were surprised that the failure rate is not higher."

"But if you look a little deeper, the proportion of active trading businesses remains high," she said. "The figure is still unacceptably high."

The chambers said the figures nonetheless provided some evidence that the economic tide is turning, and provide support for business and employee and consumer confidence.

Total company insolvencies were 24,334 for the 12 months to the end of March 1993. The figures come from records at Companies House and the Department of Trade and Industry's Insolvency Service.

Seasonally adjusted individual insolvencies continued to rise. They were 10,233 for the first quarter of the year compared with 9,795 in the final quarter of 1992 and 8,773 in the first quarter of last year.

The absolute decline in company failures corresponds with figures in the last few months on receivership and administration appointments compiled by accountants Touche Ross from the official London and Edinburgh Gazettes.

Traditionally it takes 18 months from the beginning of economic recovery before corporate failures decline as companies seek new working capital from their bankers. The decline in the figures may indicate a more responsive attitude from the banks.

The figures also echo figures released last week from the Lord Chancellor's Office for winding-up petitions. They showed 4,608 petitions for the first quarter of this year, down 3.5 per cent on the first quarter last year.

Ex-detectives join private investigators

By Jimmy Burns

TWO FORMER senior officers of the Metropolitan Police have been recruited by Kroll Associates, the US private investigation agency. The move became known yesterday as Mr Jules Kroll, head of the agency, called for bank secrecy laws to be eased in cases of suspected criminal activity.

Former Detective Superintendent Tony McStravick, who was until recently the commander of the Met's Fraud Squad attached to the Serious Fraud Office, has been appointed a consultant to Kroll. Mr John O'Connor, former commander of the Met's Flying Squad and Regional Crime Squad, becomes Kroll's director of investigations.

Mr Kroll said the agency expected the officers to contribute "knowledge of City institutions and of the investigation and prosecution of fraud".

Mr Kroll told the Financial Times yesterday that the International Monetary Fund should put pressure on member countries to ease bank secrecy. "Today there are many more places in the world where banking secrecy is a powerful obstacle to discovery," he said. "It has become more of a problem to chase the money than to chase the people."

Mr Kroll said there were about 16 banking jurisdictions including Austria, Liechtenstein, the Cayman Islands, the Dutch Antilles and Paraguay where investigators were encountering lack of co-operation.

He named Switzerland as an example of a country that in recent years had become more co-operative in proving banking information.

"By contrast Austria is terribly difficult. It is one of the most vigorous countries in enforcing bank secrecy laws and has used this as a tactical advantage with which to take business away from Swiss banks," Mr Kroll said.

Mr Kroll, sometimes known as Wall Street's "private eye", employs 250 people in 11 offices worldwide. After the Gulf War he was hired by the Kuwait government to trace Iraqi assets around the world.

Mr McStravick has been involved in a series of major financial investigations in recent years including the House of Fraser takeover by the Fayeds, Homes Assured Corporation, Dunsdale Securities and Brent Walker.

Tony McStravick and John O'Connor: switching to private agency

Accountants get lowest rise for over 25 years

By Andrew Jack

ACCOUNTANCY salaries rose by less than 3 per cent over the past year in the lowest average increase for more than 25 years, according to the annual survey released yesterday by Robert Half, recruitment consultants.

Across the country, 15 per cent of employers said they planned to recruit new staff this year, up from 14 per cent last year. But 18 per cent said they planned redundancies.

Mr Jeff Grout, managing director of Robert Half, said: "It remains a very difficult market for candidates. 1993 is the worst job market ever for accountants."

It was only in the greater London and south coast regions that most employers said they would be recruiting new accountants.

Salaries rose on average across the country by just 2.94 per cent over the past year, compared with 4.03 per cent the preceding year and a peak of 12.9 per cent in 1988, according to an analysis of figures provided by a sample of 420 organisations.

Newly qualified chartered accountants in London received up to £28,000 in industry and commerce and up to £26,000 in professional practice.

A financial director of a medium-sized company in London earned up to £75,000. The largest salary increases had been among staff in the financial services sector.

Fifteen per cent of companies had a pay freeze this year and 5 per cent had experienced a pay freeze for the past two years.

A growing number of companies – 43 per cent – were using profit-related pay, which accounted for a large proportion of the salary increases.

Mr Grout said an increasing number were offering longer holidays to "sugar the pill" of no increases, with 39 per cent offering five weeks holiday this year, against 30 per cent last year.

He said employers were wrong to believe that because unemployment was high it was easy to find suitable staff. Many ideal candidates were not moving jobs, although this was likely to change in the next six months.

"The Monty Python image of accountants with very poor communication skills continues," he said. "Employers also complain about candidates' lack of commercial acumen."

He said among employers seeking temporary staff there was clear evidence of racial discrimination in favour of Australians and New Zealanders, who made up three quarters of the London temporary market.

National Savings bring in £249m

NATIONAL Savings contributed £249m to government funding in April, although most of this – £162m – came from accrued interest. Net sales were just £87m, with gross sales of £660m being offset by repayments of £573m, Philip Coggan writes.

In the 1992-93 financial year, National Savings contributed £4.36bn and provoked complaints from some building societies about unfair competition. The First Option Bond, which was particularly singled out, was relaunched at a lower rate and raised just £48m in April. Last year it raised £880m in four months.

Gilts auction date

THE Bank of England will hold its next gilt auction on May 26 when it will issue a stock in the maturity range between 10 and 15 years, the Bank said yesterday. It will provide details of the stock and the amount to be auctioned, expected to be about £3bn, on Tuesday.

Capital issues

GROSS capital issues by UK borrowers totalled £4.1bn in April, the Bank of England said yesterday. After redemptions of £1.27bn, net issues were £2.8bn.

Consumer boom warned to be still a long way off

By Scheherazade Daneshkhu

A CONSUMER boom is still a long way off in spite of signs of increased consumer borrowing, according to a report issued today by Mintel, the market analysts.

Consumers who found credit acceptable in the 1980s now regard it as debt and their cautious attitude should dampen hopes of a rise in consumer confidence for a long time to come, the report argues.

It finds that the recession has changed perceptions of credit for anything other than a mortgage. "Mortgages are seen as a necessary source of debt and quite separate from other forms of borrowing, a sort of unavoidable evil," according to the report.

Nevertheless, it finds that many young people who have not yet taken out a mortgage are willing to live with their parents rather than commit themselves to the financial burden.

Many potential new buyers are particularly put off by friends who have been caught in the negative equity trap, where the value of their mortgage exceeds the price of their home, while others are waiting for house prices to fall further.

"While home ownership remains the long-term aim, many young people are apparently willing to stay out of the market in the short term," according to the report.

Mintel suggests that the effect will be an easing of house prices during 1993 or, at best, price stabilisation.

Consumers have become wary about borrowing to buy consumer durables. Interest-free credit, however, is becoming increasingly popular, as consumers view it more as an advantageous sales and marketing tool than as credit, according to the report.

Mintel also notes that the use of debit cards is rising rapidly, as attitudes towards credit cards have changed.

Borrowing has shown a significant decline since 1990. Mintel estimates that there are still 1.8m households in debt in the UK, owing a total of £2bn to 3.3m creditors. It finds that consumers are trying to reduce their debt against a background of fears of rising unemployment.

Figures released by the Central Statistical Office this month showed that consumer borrowing had increased unexpectedly to a seasonally adjusted £232m in March – the highest since April 1991 – from £54m in February. Mintel, however, expects the prevailing caution to persist for several years and for consumer spending to remain sluggish for the next two years.

Debt! 1993, Mintel, 18-19 Long Lane, London EC1A 9HE. £795.

THE subdued state of lending by British banks to UK residents was highlighted yesterday by Bank of England figures showing that total lending rose just £2.2bn to £395.8bn in the four months to the end of March, Peter Norman writes.

The Bank said lending to individuals rose by £2.3bn. Borrowing by financial institutions – mainly securities dealers and building societies – rose by £2.5bn while lending to industry and commerce fell by £3.6bn.

The increase of borrowing by individuals was more than accounted for by £2.6bn-worth of lending for house-buying.

Bridging loans and other advances to individuals declined during the four months.

A £1.2bn drop in borrowing by manufacturers accounted for a third of the fall in lending to industry and commerce. Lending to property companies fell £1bn in the four months bringing the drop in their borrowings to £3.1bn since the end of 1991. Lending to construction companies fell £500m, the eighth such drop in succession, to produce a total fall of £3.3bn or 21 per cent in lending to this sector since February 1991.

The Bank's figures are neither seasonally adjusted nor comparable with earlier quarterly data. They cover a four-month period to bring future statistics into line with the calendar quarter.

Research says this man should be a hippie.

Unfortunately for us, our research says that when many people in the U.K. think of Apple™ Macintosh™ computers, they think almost exclusively of graphic artists, eccentric designers, freewheeling creative types and even hippies.

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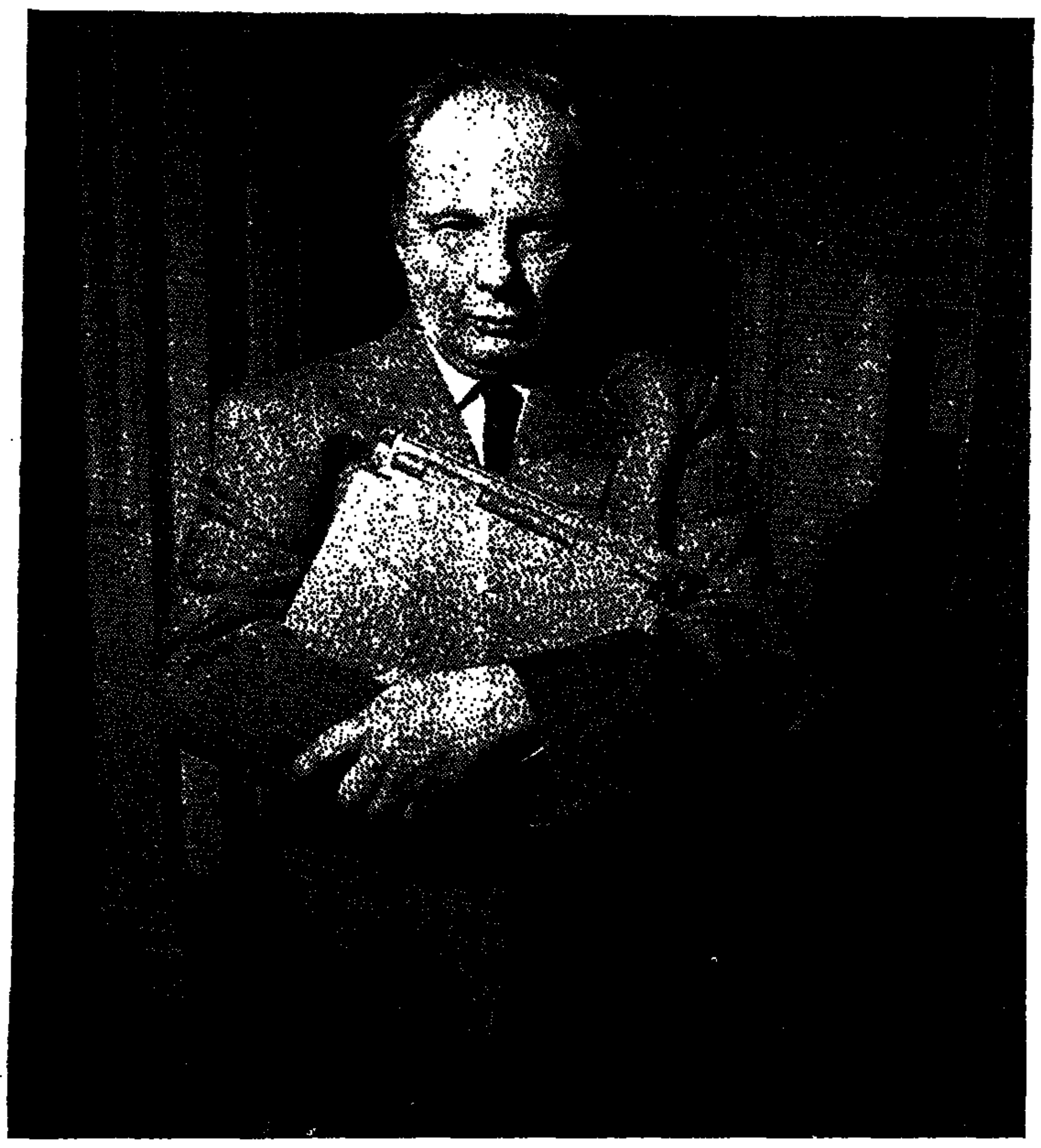
Yet, Macintosh owners like him are fast becoming the rule rather than the exception.



Richard Saunders, Chairman.

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Let's face it, 10 million people haven't bought Macintosh just for its cheery graphics.

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Smith calls for end to block vote

By Alison Smith and Robert Taylor

MR JOHN SMITH, the Labour leader, insisted yesterday that this autumn's party conference must agree to introduce "one-member, one-vote" for the selection of parliamentary candidates and for electing party leaders.

Speaking to the Fire Brigades Union conference in Bridlington, he said the party had to recognise the need to modernise its democratic processes. His backing for the voting system may upset some union leaders who oppose it because they believe it will weaken the traditional links between the party and the unions.

The difficulties of Mr Smith's task in winning agreement for the change was underlined yesterday when Mr John Prescott, shadow transport secretary, argued instead for the introduction of a register of trade unionists who are Labour supporters – an option Mr Smith does not favour. They would participate in the selection of Labour parliamentary candidates and election of the party leader and deputy leader.

Mr Smith's stand comes in the face of growing opposition among some of the largest unions. So far, only the AEEU engineering union has backed the proposals.

The unions will have 70 per cent of the vote at party conference this year and Mr Smith will need to secure 21 per cent from them as well as all of the constituency parties for the 51 per cent vote needed to make the change.

Leaders of six of the biggest unions are due to meet again next week to try to reach agreement on an alternative to one-member, one-vote that might win wider support at the party conference.

Mr Smith will address the MSF technical union's conference on Monday when he intends to underline his determination to see the changes through. He will also speak at the TGWU general union's conference in the summer, before the July meeting of Labour's ruling national executive committee which is expected to decide what changes are recommended to the conference.

As well as re-stating his commitment to modernising the party's links with the unions, Mr Smith also used yesterday's speech to launch a renewed attack on Mr John Major and his style of government and to call for a new sense of direction.

Against a background of a threat of industrial action from the fire service over pay, he also attacked the government's imposition of a 1.5 per cent ceiling on public-sector wages, saying it was "disgraceful" that public-sector workers should pay the price of the government's mistakes.

An emotional rally of miners and their families at Grimethorpe colliery in South Yorkshire yesterday marked the pit's closure

BBC to review subscription service's future

By Raymond Snoddy

THE FUTURE of BBC Select, the corporation's specialist commercial subscription service, is to be reviewed at next week's BBC board of management meeting.

The review is on the agenda for Thursday's meeting, the first time BBC Select has been looked at in detail since Mr John Birt took over as director-general at the beginning of the year.

BBC Select, part of the BBC's education directorate, broadcasts specialist services for business people, accountants and lawyers in the middle of the night to specially adapted video recorders. It has developed more slowly than originally expected. It cost between £10m and £12m to set up and has running costs of £1m to £2m a year.

Accountancy Television, the service for accountants launched in October, has fallen behind projections and investors holding 40 per cent of shares have written them off on their books. The service for lawyers, Legal Network Television, says it is ahead of target.

Apart from subscription services, which are scrambled so that only those who pay can see them, there are also openly broadcast services, such as those run by BMH Communications. BMH broadcasts events such as annual meetings.

The review of BBC Select is taking place against a background of cost-cutting throughout the BBC, where all the commercial activities are being looked at carefully.

Some BBC Select staff fear that closure could be an option, although senior executives think this unlikely.

Another possibility is that BBC Select will provide more training and education programmes, and that plans for leisure subscription services, such as one on yachting, will be delayed further.

Mr John Radcliffe, managing director of BBC Select, said yesterday: "We are well into negotiations for at least four new services – for the computer industry, small businesses, French language training and arts performance."

Some of the new services could be launched early next year.

BBC Select was set up to make use of the corporation's night hours. During Baroness Thatcher's premiership, there were fears the night hours might be given to the commercial sector.

Lecturers' union scorns threat to national talks

By John Authers

NATIONAL PAY negotiations for lecturers in further education colleges were called into question yesterday.

The National Association of Teachers in Further and Higher Education (Natfhe) is balloting its members on a possible one-day strike in protest against proposed new contracts which could involve longer working hours and shorter holidays.

The ballot will be completed on Monday, and a strike could follow on May 20.

But Mr Roger Ward, chief negotiator for the College Employers' Forum, which was set up to negotiate on behalf of college principals, said yesterday: "I want to emphasise that we are not refusing to negotiate. A growing public debate is taking place about the future of national bargaining, but we cannot formally do anything about that until after May 20."

Natfhe has been offered a national negotiating agreement but has not yet signed it. A strike might persuade employers to attempt negotiations on a local basis.

Mr Geoff Woolf, Natfhe general secretary, described that suggestion as an "empty threat". He said: "It's in both sides' interests to have national negotiations. The vast majority of principals want some things dealt with at a national level."

He said that Natfhe's national executive committee would endorse the national agreement on Friday.

The dispute arises from the attempted introduction of new contracts following the transfer of the colleges from local education authorities to become bodies directly funded by the government.

The employers' forum wants to replace the "Silver Book" agreement which has governed contracts for lecturers in the sector for the past two decades. Mr Woolf said any Natfhe action would be "a strike against their intention to worsen our conditions".

Timex rejects Jordan's plea for negotiation

By Robert Taylor, Labour Correspondent

TIMEX, the US-based multinational company, yesterday rejected a call for peace talks from Mr Bill Jordan, president of the AEEU engineering union, to end the three-month strike at its Dundee circuit-board production plant.

On a visit to the picket line outside the plant yesterday, Mr Jordan urged the company to enter into negotiations over the re-employment of 343 workers dismissed on February 17.

But Timex said in a statement that his call for direct talks could "not be taken seriously while his union continues to support mass picketing and mob intimidation outside the plant".

Monday promises to be a crucial day in the strike. It marks the end of the statutory 90 days required by law before an employer can rehire selectively from workers it has dismissed without facing heavy financial penalties in the courts for unfair dismissal.

The company declined to say whether it would re-employ any or all of the strikers yesterday. It did reveal, however, that it had hired 270 replacement workers over the past three months and that it intended to employ a further 230 over the next four months in view of an upturn in demand for circuit boards.

Timex condemned a mass demonstration planned by strikers and their supporters for Monday. He said it would give "rent-a-mob another opportunity to cause trouble at our factory gates".

More than 2,000 supporters of the Timex strikers are expected to turn out on Monday. The National Union of Mineworkers president, Mr Arthur Scargill, is to address them.

Yesterday, Mr Jordan criticised Mr Scargill's intervention in the Timex strike. "Our union is dealing with a difficult situation and we don't want side shows," he said. "This is not a theatre, these people are in trouble."

The AEEU will have been dismayed at the continuing hard line of the company. Throughout the dispute, the union has avoided taking any action that is unlawful and has gone out of its way to repudiate violence and intimidation.

Today, the Scottish TUC is organising a large rally in support of the Timex strikers in Dundee.

Relaxed drugs laws urged

A SENIOR police officer has called for research into licensing users and suppliers of illegal drugs.

Speaking on Thursday at the annual Association of Chief Police Officers' drugs conference, Commander John Grieve of Scotland Yard said the aim would be to cut crime against the elderly and vulnerable. He also called for a national system of cautioning for a wide range of drugs offences.

His controversial proposals come after chairing a working group of 31 police chiefs during the conference, nearly half of whom he said were in favour of at least some research.

The Independent to pay libel damages

THE Independent newspaper is to pay "substantial" libel damages to Mr Conrad Black, chairman of The Telegraph plc, and its solicitor and secretary Mr Anthony Rentoul, it was announced in the High Court yesterday.

The undisclosed settlement follows the newspaper's story about the approval by Telegraph shareholders of the company's purchase of a £70m stake in the Canadian publisher Southam Inc.

The Independent also made a public High Court apology and apologised to the two executives.

The Independent, as well as paying damages and apologising in court for the embarrassment caused, has agreed to pay legal costs and publish a full and unqualified apology.

Move for bank

THE Long Term Credit Bank of Japan, whose building was damaged by the Bishopsgate bomb in the City of London, plans to move into 49,000 sq ft of MEPC's Alban Gate building on London Wall in June on a four-year lease, subject to a right to break the lease after a year with six months' notice.

Reprieve for Swan Hunter hangs in balance

By Chris Tighe and Alison Smith

THE SLIM hope that Swan Hunter might continue in business as a shipbuilder hung in the balance last night as all-day talks over the fate of the three Type 23 frigates it was fitting out when it went into receivership on Thursday ended inconclusively.

After eight hours of negotiations with the Ministry of Defence in London, Mr Mark Homan, senior Price Waterhouse UK Corporate Recovery partner, said: "It will be apparent from the fact that the receivers have been at the Ministry of Defence all day that the matter is extremely complex." Mr Homan hoped a further statement could be made over the weekend.

Mr John Major, the prime minister, is to meet Mr Steve Byers, Labour MP for Wallsend, and Mr Nick Brown, Labour MP for Newcastle upon Tyne East, next week about the plight of Swans. Labour yesterday published a list of suppliers which depend on the ship-builder for business.

Mr Robin Cook, shadow trade and industry secretary, said that 341 companies in 184 Conservative constituencies were suppliers to Swan Hunter, the Tyneside shipyard which went into receivership after failing to win a vital helicopter carrier contract.

The range of companies supplying Swan Hunter extended even to Huntingdon – Mr Major's constituency.

Altogether, some 900 companies are thought likely to suffer lost business if the Swan Hunter yard closes down.

The receivers were last night holding talks with the Department of Employment. Hope that Swan Hunter can continue as a shipbuilder hangs on whether the frigates, worth about £400m, can be kept on the Tyne for fitting out. They are due to be handed over to the Royal Navy between the end of this year and late 1994, when Swan's current order books runs out. Continuing fitting-out on the frigates would allow Swans to retain several hundred of its current 2,200 workforce into next year, enhancing its chances of winning further contracts and making the company more attractive to any potential buyer. The company yesterday sent off a clarified tender for an attack craft for the Oman government.

Yesterday, as speculation continued on how the rival tenders came to be £50m apart, the MoD insisted the carrier bidding process had been fairly handled, despite claims that Swan had to increase its final bid substantially to accommodate additional features required by the ministry.

Mr Robin Ashby, public relations consultant to Swan Hunter until Thursday's receivership, said the tenders for the carrier from Swan and VSEL last year were both within £5m of a target price of £170m. But, after the government confirmed in March it was to place the order and asked the rivals to "clarify" their bids, the MoD, Mr Ashby said, asked Swan for additional features. These contributed to its tender rising to £210m. VSEL's final bid, he said, was around £160m.

The MoD confirmed it had offered advice to both bidders as they prepared their best and final offers. It said this was normal practice. The MoD said both tenderers had the same specification. "We run totally fair competition," it said.

How soccer's dream ticket fell foul

MR Alan Sugar, chairman of Amstrad and Tottenham Hotspur, is not known for his cool temperament. He once admitted: "I have got a terrible temper, violent, wild, I bang the table and scream and shout."

He is rarely lost for words and he does not take kindly to being told what to do. So it must rather difficult for him to comply with his lawyers' advice that he say nothing about the boardroom bust-up with Terry Venables who was sacked as Tottenham's chief executive yesterday.

Whatever the immediate cause of the falling-out, it has been an open secret that the relationship between the two East Enders has been going downhill ever since Mr Venables pursuaded Mr Sugar to help him buy the club two years ago to thwart a takeover bid by the late Robert Maxwell.

In the event it seems Mr Sugar wanted Mr Venables to stick to football and leave the business side of the running the club to him.

He was once quoted as saying that he would look after the £11m debt to the bank while Mr Venables would look after the 11 men on the field.

This was bound to conflict with Mr Venables' ambitions of graduating from football management to business management. And the strong coaching team, headed by Doug Livermore and Ray Clemence, was designed to lighten the training burden on him.

It should have come as no surprise that Mr Sugar would be the boss. He made its clear during his abortive 30p-a-share buy-back bid for Amstrad – rejected by shareholders as being too cheap – that one of the key reasons he wanted to take Amstrad back into the private sector was because he feels instinctively more comfortable when he has day-to-day direct control.

When he took over Spurs with Venables, it was regarded as a dream ticket – two East End boys working together, one looking after the finances and the other looking after the football. The falling out has been equally dramatic.

There appears no obvious reason for the split. The company turned a £1.78m pre-tax loss into a £2.66m profit in 1991-92 and is forecast to have made £5m pre-tax in the year just ending, albeit boosted by a £3m gain on player sales inflated by the Paul Gascoigne deal.

The share price, however, has typically traded well below the 125p rights issue price.

It would seem the two men, from similar backgrounds, could not just get along. For Venables yesterday marks the lowest point in a colourful football and business career. The former Tottenham manager, "Son of Fred" – to quote the title of his autobiography – came from a council estate in Dagenham to enjoy success on and off the soccer field.

He played for England at every level including schoolboy, youth and Under 23 teams. He followed this by managing Queens Park Rangers and Crystal Palace before going to Spain to coach Barcelona one of the biggest clubs in the world which led to the Spanish League title in his first year.

Off the field he has had a modest success as an author co-writing the Hazel private detective novels dramatised on television.

He has run a several pubs and clubs including currently Scribes West in fashionable Kensington In London.

He risked personal ruin to buy into Spurs with Sugar after the former chairman Irving Scholar had been ousted and a rival bid by Robert Maxwell had been fended off.

Mr Sugar has often acknowledged that he is not really a "team player". He also showed ruthlessness early on at Tottenham. He sacked Mr Ian Gray as managing director and Brown Shipley & Co as financial advisers. Both parties launched litigation.

He also led the charge not just for Tottenham but for many of the Premier League clubs in negotiating a lucrative deal with BSkyB, the satellite broadcaster. The bagging of live Premier League matches for satellite TV has provided an obvious fillip to dish sales – one of Amstrad's lines.

Mr Sugar does not forgive-and-forget either. When his old friend Mr Gulu Lalvani, head of the Binatone private electronics group and the man who gave Sugar his first break, interviewed and then hired Mr Bob Watkins, Amstrad's technical director, Mr Sugar broke off the friendship.

Those who know the private and reportedly rather shy Mr Sugar say much of his street-wise style reflects his upbringing in an east London council house. Others including Lord Young who first met him at a Downing Street seminar, have suggested that his apparent unease in government and city circles reflected insecurity.

But Alan Sugar is also a chameleon. Charming when he needs to be, rude and foul-mouthed if angry. His wife Ann has said he enjoys the spotlight so much so that he ought to be on the stage.

Paul Taylor
Jane Fuller

The merchant banker Hill Samuel yesterday denied reports that it had been instructed to arranged the sale of Everton football club.

The reports, carried in the Liverpool Echo, claimed that the Moores family, which owns the Littlewoods pools and betting chain, had instructed Hill Samuel to arrange a £2.5m sale of its 50 per cent stake in the club.

However, Hill Samuel spokesman yesterday said; "Everton football club is a banking customer, but Hill Samuel wishes to make it clear that it has not been instructed to advise on raising financing for the club or on the seeking of buyers."

The Moores family yesterday also denied the report, while a spokesman for the club dismissed it as "sheer speculation."

Nevertheless, with Everton reported to be some £4m in debt after a series of financially troubled years, the rumours have added to concern about the club's future.

Founded a century ago, the club last won the championship in 1987. Since then it has had a mediocre run.

Not singing any more: the football partnership that was hailed as Spurs' salvation with Alan Sugar, chairman, left and Terry Venables, chief executive, at Tottenham v QPR last winter

Heseltine tries to rally Tory rank and file

By James Buxton, Scottish Correspondent

MR MICHAEL Heseltine, the trade and industry secretary, yesterday assured anxious Conservatives that they would weather the storms currently buffeting the party.

He told Scottish Conservatives in Edinburgh: "We are the party of government, responsive to the public mood, not bowed by pressure . . . above all a party man enough for the storms.

"We have weathered them before. We will come through to earn the reward. We know there will be a better season."

He urged Conservatives to display "confidence without complacency".

Mr Heseltine was speaking on the last day of the Scottish Tories' conference, where the upbeat mood produced by last year's successes in the general election north of the border contrasted with near panic among party supporters further south after setbacks in local government elections and the Newbury by-election.

Mr Heseltine attacked the party's Maastricht rebels, saying it was "unthinkable that the party would let John Major down [over ratifying the treaty] and deny him what we entrusted him to achieve".

Mr Heseltine revealed that he had been asked by Mr Major to carry out an assault on excessive regulation hampering British business. "He said: swing in there, lad, and act, before breakfast, before lunch, before tea and before dinner. I didn't take much encouraging."

Government departments had listed 7,000 regulations imposed on business, though the number fell to 3,500 when the double counting of measures imposed by two departments were eliminated.

Earlier Mr John MacGregor, transport secretary, was warned that the proposed privatisation of British Rail was a "recipe for disaster." Mr John Gall, a retired train driver with 31 years' service, said: "We don't require an opposition. We've done their job for them."

Mr Gall was the only speaker to express outright opposition to plans to franchise some of British Rail's services to the private sector. Several speakers voiced reservations, but others strongly backed the plan.

Mr MacGregor held out the prospect of a privatised ScotRail competing for railway franchises in England after it had itself been franchised. ScotRail is to be one of the first parts of British rail to be franchised. It is widely believed the franchise will be won by its existing management through a buy-out.

Mr Malcolm Rifkind, the defence secretary, rejected a call from the floor of the conference to scrap Options for Change, the plan to scale down Britain's defence forces after the collapse of the Warsaw Pact.

He argued Options for Change had been drawn up before the Soviet Union had collapsed and Russian troops moved 1,000 miles back from Europe. He had to ensure that the British defence budget, which like other departments faced public expenditure constraints, was adequate to ensure that British forces had the best equipment.

He said no decision had been made on which of the two naval dockyards would win the contract to refit Trident submarines, but that both Rosyth and Devonport would remain in existence for many years to come.

Prison Service meets Group 4

MR DEREK Lewis, the director-general of the Prison Service, yesterday met directors of Group 4, the security company, to review its handling of the first privately managed prisoner-escort contract, Alan Pike writes.

The Prison Service said that considerable progress has been made since initial problems when Group 4 began escorting prisoners last month.

During the first fortnight of Group 4 escorting prisoners between prisons and courts in the East Midlands, Yorkshire and Humberside, several escaped or were wrongly released. There have been no escapes during the past three weeks.

The meeting discussed the implications of Group 4 being asked by the Prison Service to carry out additional work not covered by the original £9.5m per year contract.

Sunday shopping review go-ahead

THE High Court has ruled that the judicial review sought by retailers Tesco Stores and Texas Homecare, which claim they have been unfairly discriminated against by local councils enforcing laws banning Sunday trading, should be speeded up. The review is likely to be heard next month.

The retailers are seeking a review on the grounds they have been unlawfully targeted and threatened with trading bans, while smaller businesses are escaping legal action.

Tunnel remarks 'misinterpreted'

TRANSMANCHE Link, the Anglo-French consortium building the Channel tunnel, yesterday sought to distance itself from comments that the project might be delayed until 1995 made earlier this week by Mr Philippe Montagner, the consortium's vice-president.

TML said that his remarks had been misinterpreted. The contractors had told Eurotunnel, the tunnel operator, that it might not open until the middle of next year unless agreement can be reached on the contractor's claims for additional payments.

City theft charges

TWELVE people have now been charged with stealing from wrecked buildings after the IRA bomb explosion in Bishopsgate, City of London police said yesterday.

Petrol retailers attack suppliers

By Deborah Hargreaves

BRITAIN'S biggest oil companies were attacked yesterday by petrol stations in a survey published by the Petroleum Retailers' Association.

Retailers were highly critical of their dealings with the oil companies at a time of big upheavals in the petrol market.

Retailers are facing intense competition and tougher environmental regulations.

More than half the petrol retailers said oil company prices had not helped their profitability in the past year.

More than 45 per cent expected to see a decrease in profits this year.

More than 40 per cent of the retailers said that the marketing advice they received from oil companies was unhelpful.

The biggest oil operators – such as Shell, Esso and British Petroleum – fared worst in the survey, which the association said it would use to produce a league table of companies.

Mr Bruce Petter, director of the association, said the petrol industry is "suffering a crisis of confidence".

It was cause for "great concern" that advice from oil companies on staff and marketing was so poorly regarded, he added.

The association estimates that the number of petrol stations in the UK, at present 19,000, will fall to between 12,000 and 14,000 over the next two to three years.

Competition from hypermarkets and the increasing cost of environmental regulations would force out independent retailers, the association predicted.

All-time low for teacher vacancies

By John Authers

VACANCIES for teachers at schools in England reached an all-time low in January, Mr John Patten, the education secretary, announced yesterday.

Full-time vacancies fell by 30 per cent overall compared with 1992, with 785 openings at 19,500 nursery and primary schools, and 558 in 3,850 secondary schools.

Vacancies for teachers of modern languages and mathematics fell by 40 per cent. Mr Patten, who released the information in a parliamentary answer, described the figures as "good news for schools". He said they meant there was little more than one vacancy for every 20 schools.

Mr Patten also pointed out that teacher numbers in grant-maintained (opt-out) and local authority-controlled schools had risen from 394,900 in January 1992 to 395,600 in January 1993.

However, provisional figures suggested that pupil-teacher ratios had risen slightly, from 17.44 pupils per teacher to 17.66. The Department for Education said that the comparable figure for 1979 was 18.94.

This leaves the state sector with less resources than independent schools, which reported last month that their pupil-teacher ratio had dropped slightly from 10.9 pupils per teacher to 10.7. If the effect of small A-level classes is accounted for by doubling the number of sixth-formers the figure for independent schools still improved from 12.6 to 12.4.

In state schools, the vacancy rate is highest in inner London, at 1.5 per cent of teachers in post, while in outer London the figure is 0.5 per cent. For England excluding greater London, the average vacancy rate is 0.3 per cent.

Lamont unafraid as Kingston's knives come out

David Owen hears local praise for a 'courageous' chancellor

AT THE end of one of the most difficult weeks in his political career, the knives were out again for Mr Norman Lamont last night – this time in his Kingston upon Thames constituency.

But for once the embattled chancellor appeared not to mind. The reason, after all, was a lavish dinner given by his constituency party to celebrate the 21st anniversary of his election as the local MP.

The light-hearted tone of the occasion was encapsulated by the pun-laden menu. This kicked off with Dorneywood Cocktail followed by Chancellor's Soup and was rounded off by Number 11 mints.

The *pièce de résistance* was Lamb Rosemary – an allusion to the chancellor's wife. This was accompanied by Treasury Potatoes and that previously elusive vegetable known as "Green Shoots". "Let's hope the greens don't arrive with the coffee," quipped one of the 100 dinner-suited guests.

The general mood was convivial and supportive. Lord Boyd-Carpenter, Mr Lamont's predecessor as the local MP, gave a speech acknowledging the chancellor was having a very rough time, but said he was fighting back with great courage and determination.

In an earlier remark – which is sure to spark waves of nostalgia in Conservative Central Office officials – he remembered that the mid-term by-election which sent Mr Lamont to Westminster in May 1972 had been "vigorously fought".

Those were the days when Conservative governments used sometimes to win mid-term by-elections.

Mr Richard Tracey, the Conservative MP for neighbouring Surbiton and a guest on the top table, said he had always worked very closely with Mr Lamont.

He acknowledged local businesses had suffered during the recession but said the feeling now was that things were taking a turn for the better.

Mr James Copeman, a constituency vice-chairman, said he thought Mr Lamont had done well in what "must be the most difficult job in the country" while expressing doubt that he would still be chancellor at the end of the year.

"We have seen more of him in the last 18 months as a constituency MP than we did previously," he added.

There was even support for Mr Lamont from a more unexpected source on the front page of the local newspaper. This quoted a local Liberal Democrat politician as saying Mr Lamont should not be turned into a scapegoat. The chancellor was only doing what he was told, the politician asserted.

Towards the end of the evening's festivities, Mr Lamont was presented with three gifts: a Waterford crystal clock, a painting of Kingston market-place and an elaborately iced cake.

It was, said Mr Jeffrey Reardon, a consultant rheumatologist and chairman of the constituency association, a way of saying thank you for 21 years.

Motoring costs top inflation

By Kevin Done, Motor Industry Correspondent

THE cost of motoring in Britain is rising faster than the rate of inflation, the Automobile Association claimed yesterday.

The average motorist driving 10,000 miles a year will pay between £130 and £375 more in 1993 than last year depending on the size of car.

Increases in insurance premiums, road tax and fuel duty are the main factors in raising motoring costs along with increases in new car list prices.

According to the AA the average cost of running a 1.4 to 2 litre car is about £4,559 a year or 45.6p a mile based on 10,000 miles of driving.

This includes total standing charges of £2,909 – car licence (£125), insurance (£968), depreciation (£1,752), road organisation membership (£64) – or 29.1p per mile.

In addition, running costs total 16.5p per mile including petrol (7.6p), oil (0.6p), tyres (1p), servicing (1.2p) and repairs and replacements (6.2p).

On average, motoring costs for a car with a 1.4 to 2 litre petrol engine are expected to rise by 5.5 per cent this year.

● The Department of Transport yesterday published two reports on injury accident and casualty rates for different makes and models of cars.

The Department of Transport leaflet, based on 70,000 accident statistics from 1989-1991, lists 90 models.

The report showed the driver of a small car is about 50 per cent more likely to be injured when involved in an accident than a driver of a large car.

It also revealed that women drivers were less likely to be killed than men drivers but were more likely than men to be injured.

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A gleam in Asian eyes

GOLD HAS always been a bolt hole for the nervous, and as this week's events have demonstrated once again, there is never any shortage of things for investors to be nervous about. The devaluation of the peseta within the European exchange rate mechanism, the looming Danish referendum on Maastricht, high-profile corporate bankruptcies such as at shipbuilders Swan Hunter – the list can be compiled to suit all tastes in pessimism. Yet the surge in the gold price to a 17-month high, and the simultaneous mid-week plunge in the Dow Jones industrial average, were primarily attributable to renewed fears of inflation. Rarely has investment opinion on the respective risks of inflation and deflation been so polarised.

Last month investors subscribed for $175m worth of 50-year debentures in aircraft manufacturer Boeing on a redemption yield of just under 8 per cent, only 1 percentage point more than the yield on the US Treasury's 30-year bond. This implies not only a touching faith in price stability half a century hence, but an even more touching belief in the durability of companies – just when the troubles of giants such as IBM and Philips are pointing to a shorter life cycle for corporate monoliths.

The steepness of the yield curve in the US, with short-dated paper as low as 3 per cent against long bonds yielding almost 7 per cent, admittedly makes longer maturities attractive. But as the US newsletter Grant's Interest Rate Observer puts it: "In flight from 3 per cent, a person may buy a cat or a dog instead of a yield."

Or, in the present instance, a person may buy gold. Yet worries about renewed global inflation look premature. In the US, where bond investors twitched on Wednesday over a big increase in producer prices between March and April, the figures for output, jobs and broad money still point to a faltering recovery and minimal inflationary pressure. Japanese bond yields of 4½ per cent, even after the quarter point rise over the past month, are not ringing inflationary alarm bells.

European doldrums

In Europe, meantime, the German and French economies will contract this year. While Bundesbank officials warn loudly about inflation, the German central bank's action on interest rates suggests mounting anxiety about shrinkage in the real economy. Within that, countries such as the UK, with its roller-coaster housing market, or Italy, with an overblown stock of public-sector debt, clearly remain inflation-prone. Rising fiscal deficits could also cause global trouble in the late 1990s. But this is not yet the stuff of an enduring rally in the price of a commodity that Keynes dubbed "the barbaric metal".

The gold and gold futures markets are small compared with global bond markets, and thus more susceptible to a ramp by large investors. But the recent flurry also owes something to China, where a rapidly growing economy is badly overheating. Estimates of urban inflation in China in the first quarter of 1993 run close to 16 per cent, roughly double the probable sustainable growth rate of the underlying economy. Yet liberalisation makes it harder for the government in Beijing to slam on the brakes.

Chinese interest

Individual Chinese thus have an urgent need for a hedge. With only two paltry domestic stock exchanges, local equities cannot do the job. Nor is it easy for individuals to invest overseas. Gold, then, has a special attraction for China's 1.2bn people, which is reflected in street prices for the metal that exceed the world price by $200 or more. According to the Gold Fields Minerals Services consultancy, China emerged last year as the world's largest consumer of the precious metal.

The surge in the gold price, then, is partly a by-product of the underdeveloped state of the mainland Chinese financial system. And since the Chinese economy could now, on the IMF's latest purchasing power parity estimates, be the world's third largest after the US and Japan, the pattern of global portfolio demand is inevitably affected by this distortion. Nor are such spillovers from the domestic into the global capital markets anything new.

Distortions in the Japanese financial system, including a prohibition on insurance companies from paying bonuses to policyholders out of capital gains, explained the loss-making Japanese rush into high-yielding US bond markets in the 1980s. The lifting of restrictions on foreign investment by Swedish investment institutions prompted an equally unsuccessful invasion of the London office property market around the same time, which has now been followed by a similar and better-timed invasion by German institutions.

Clearly it helps if the domestic circumstance that precipitates a change in overseas asset prices happens to coincide with a market trough. The consolation for the Chinese is that the gold price, despite the ramp, is up only 13 per cent on its low point this year; and at around $368 it remains well below its 1980s peak of $835. But others should beware. It is a volatile market that looks increasingly giddy.

Peter Martin examines the irresistible rise of UK executives' pay and its effect on the morale of middle managers

More than their job's worth

Money is the Pleistocene layer of British business, the rich, deep mineral deposit that lies buried under the top dressing of corporate strategy, mission statements and quality circles.

Once a year, at annual report time, the surface layers give way, and the secret bursts into view – for some people, business is a way of keeping body and soul together; for others, it is a way of getting rich.

This year we learnt, for example, Mr Mick Newmarch, chief executive of Prudential, received £769,000 last year in salary, pension contribution and shares. Lord Wolfson, part-time chairman of Next, had a 68 per cent pay rise, to £168,000. Mr Peter Wood, who has created the Direct Line insurance business for Royal Bank of Scotland, is likely to earn more than £10m. Sir Anthony Tennant, retiring chairman of Guinness, won a 25 per cent pay rise in his last year, to £777,000, plus an annual top-up payment to take his pension to about £500,000, and £50,000 a year in consultancy fees. Michael Green, chairman of Carlton Communications, got an 84 per cent pay rise, to £520,000.

These are the annual purse-baring rituals of spring. This year, however, there has been a special edge to the public reaction, honed by low general pay rises and some unusual, one-off arrangements.

If current share prices hold good, for example, 44 managers at LWT stand to make £55m between them this autumn, thanks to a share purchase scheme designed to keep them in their jobs during the television franchise round. Mr Ronnie Hampel, chief executive of about-to-be-sundered ICI, will celebrate a 31 per cent cut in the size of the company he runs with a 25 per cent rise in his salary, to £425,000, and a bonus of between 50 and 100 per cent of final salary when he retires in 1995. And Mr Gerald Ronson, the man responsible for the rise and fall of Heron International, has persuaded the banks to let him have a five-year contract at an annual index-linked salary of £500,000 for sorting out the mess he's stuck them with.

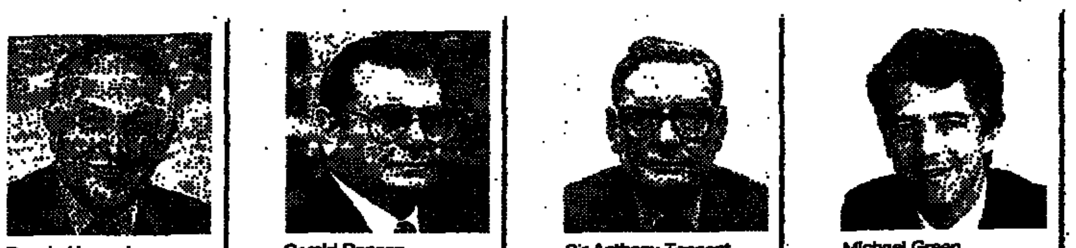
A couple of decades ago, this surge of personal enrichment would have provoked a left-versus-right political controversy – the working class versus the toffs.

This time, the political and trade union response has been muted. Instead, there has been a distant rumbling from the nameless, respectable legions of middle managers and small shareholders, faithfully reflected in the columns of the broadsheet press.

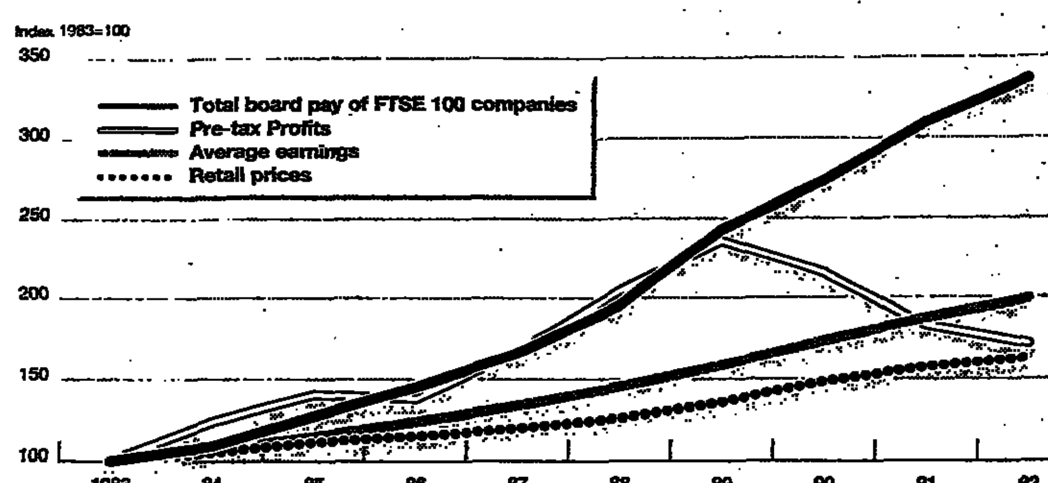
There is a statistical underpinning for this wailing from the suburbs. Over the past 10 years, an FT survey shows, the boards of those companies which have stayed in the FT-SE 100 index throughout the period have raised their collective salaries by an average of 14½ per cent a year, outstripping the rise in the cost of living, the average salary, and their companies' profits by a handsome margin (see chart).

Even when the economy has slowed, and the white-collar salariat has suffered its first serious recession, the surge in directors' incomes has continued, buoyed in part by the reporting this spring of bonuses paid in 1992 for achievements in 1991 in meeting targets set as long ago as 1990. So far, 76 of the current FT-SE 100 members have published their salary and profits details for financial years ending in 1992. Overall, they raised directors' pay by 13 per cent during a period when profits *fell* by 7 per cent, the cost of living rose by about 5 per cent and average earnings increased by roughly 7 per cent.

Pay at the top



Ronnie Hampel, ICI — Gerald Ronson, Heron International — Sir Anthony Tennant, Guinness — Michael Green, Carlton Communications



Source: Datastream

Mr Stefan Szymanski, assistant professor of economics at the London Business School, has confirmed this trend in a broader, more statistically thorough, study. During the boom, he says, there was a definite relationship between rapidly increasing profits, and rises in board pay. During the recession, however, this relationship broke down. Profits fell, but earnings stayed the same – or kept on rising.

The rise in board salaries is starting to unsettle some of the people whose studies are partly responsible for it – remuneration consultants such as Mr Anthony Williams of Hay Management Consultants. Mr Williams thinks this year's pay packets – to be reported next year – will at last start to show the impact of the recession.

In the meantime, though, he understands a middle-manager's frustration. "His differential over the people below him hasn't increased as fast as the directors' differential over him," says Mr Williams. "If you look at before-tax – and, even more, after-tax – figures, the gap has widened quite significantly over the past decade."

The Institute of Directors, normally the most ardent advocate of management's right to call the shots, is also perturbed. An audible note of irritation creeps into the voice of Mr Blenyth Jenkins, the institute's director of corporate affairs, when he talks about the subject. Partly he is irritated at journalists for failing to recognise the delayed nature of bonus payments and annual reports.

But mainly, he is exasperated that companies make too little effort to spell out their remuneration policies, pay top people cost-of-living increases which are not justified by performance, and cling to three-year rolling service contracts which produce high pay-offs when an executive is asked to leave.

Directors in small and medium-sized companies (average salary: £46,000) "are at a loss to understand why these enormous salaries are paid", says Mr Jenkins. "The other source of irritation is when an individual runs a company into the ground and is removed – and goes out leading the parade with an enormous cheque."

A new set of institute guidelines on pay, addressing these points, is due to be approved by its policy committee next week.

Underlying the issue of executive pay lies one important trend. Much lower marginal tax rates have made it worth paying higher salaries, because executives, not the taxman, now reap the benefit. That has gone hand in hand with a shift of perceptions. After a decade of Thatcherism, says Hay's Mr Williams, people believe "it's OK to make a lot of money". This has led to a general widening of differentials and an attempt to link pay more closely to performance in every industry, at every level – and in the public service as well. So why does the link seem to have broken down in large companies, at least when it comes to a period of poor performance?

There are a number of possible reasons. One is the argument about lags mentioned earlier; the second is that big British companies, by and large, have managed to protect shareholders against the impact of recession remarkably well; perhaps directors deserve extra pay for preventing a much bigger profits slide?

The snag with this explanation is that it also applies to lower-level workers. After all, in many companies, staff cuts have increased the remaining employees' workload – yet they do not get director-sized pay rises. And though the lags argument is also valid, the recession has gone on so long that bosses' pay packets should surely be showing some impact by now.

More convincing explanations revolve around a set of boardroom beliefs which create irresistible upwards pressure on directors' pay:

- The arithmetic fallacy. Every company wishes to be above average in the terms and conditions it offers its top executives, to be sure of attracting the best talent. Yet if everyone seeks to be above average, the average spirals ever higher.

"I have only ever had one company say it wanted to pay below the median," says Hay's Mr Williams, who is frequently hired by boards to recommend directors' pay.

- The 'global manager'. There is a growing tendency to use international comparisons as a benchmark for setting directors' pay, on the grounds executives can now hop easily from one country to another in search of higher pay. Yet only a tiny proportion of UK executives are capable of building careers abroad. "The chairman of one of the newly privatised water companies isn't very quickly going to get a job in America," says the Institute of Directors' Blenyth Jenkins.
- Process versus substance. Companies are increasingly setting up elaborate structures for assessing directors' pay, spurred on by the Cadbury committee on corporate governance and by shareholder pressure. Though these are often rigorous and independent, it is not clear how effective they can be in this sensitive area.

BAT Industries ("We were carrying out Cadbury before Cadbury had even, er, melted") sets its directors' pay in a committee composed entirely of non-executive directors. It gives each director a number of performance targets, some of them "hard" ones based on financial performance (price/earnings ratio relative to rivals, market share, profitability), and some of them softer and more judgmental.

Directors' salaries and bonuses are set in accordance with how well each has done against his targets. Sir Patrick Sheehy, the chairman, earned £609,000 in pay and bonus in 1989, and £636,000 in 1991. Last year, his salary and bonus rose 54 per cent, to £980,000 – an accompaniment, says BAT's Michael Prideaux, to the group's 68 per cent rise in pre-tax profits that year.

Yet BAT's profits in 1992 were still below the level reached in 1989, when Sir Patrick's pay was 38 per cent lower than last year. Shareholders have benefited in the meantime, of course, by the group's actions to spin off assets and raise the dividend – but arguably Sir James Goldsmith, with his aborted raid on the company's shares, deserves to share the credit there.

Mr Tony Greener, Guinness's new chairman, is one of the few bosses willing to speak on the record about top pay policy. As with BAT, he stresses the objectivity of the non-executive directors who set pay at Guinness. Directors' bonuses are tied to "hard" criteria, such as earnings-per-share growth. The management commissions an outside survey and makes recommendations, but there is then "a very straightforward and open discussion – they do not rubber-stamp anything. It's a dialogue rather than a set of take-it-or-leave-it recommendations."

Institutional shareholders are starting to take executive pay as an issue, worried perhaps by the example of the US, where total board remuneration is a significant figure in the profit and loss account of some companies. In Britain, though the individual sums are large by comparison with average wages – even average white-collar earnings – the total is not big enough to worry shareholders directly.

It risks becoming so, however, if directors' pay drifts so far out of line with ordinary managers' pay and with profitability as to damage morale and performance inside the company. Deep in the Pleistocene layer, something stirs . . .

MAN IN THE NEWS: ***Jacques Delors***

Return of the Invisible Man

Barring the odd volcanic outburst, Mr Jacques Delors has been a model of self-restraint this year. The president of the European Commission has assumed such a low profile that Brussels officials joke that the man known as Mr Europe has turned into Mr Invisible.

But if the polls are correct and Danish voters approve the Maastricht treaty in next Tuesday's referendum, Mr Delors intends to mount a comeback. This may come as a surprise to those in Britain and elsewhere who dismiss the 67-year-old Frenchman and his vision of a federalist Europe as a busted flush. But Mr Delors, with one eye on the French presidency in the 1995 elections, still sees himself as a present and future leader in Europe.

One of Mr Delors' residual strengths is that he is not afraid of entering areas where others fear tread. Hence his decision to order an in-depth European Commission study of whether Europe is losing the battle to remain competitive with the US and Asia. This is more than an academic study about why there are 17m people out of work in EC. According to aides, the Commission president is prepared to tackle the sensitive question of whether Europe's welfare state is indirectly contributing to low growth, rising unemployment and the failure to create new jobs.

Now, there is nothing to suggest that Mr Delors, a Christian and a socialist from peasant stock, has undergone a midnight conversion and decided to create a US-style society in Europe; nor is there any sign that Mr Delors intends to encourage the Commission to put forward legislation. On that count, at least, his ambitions for Brussels have been blunted beyond repair.

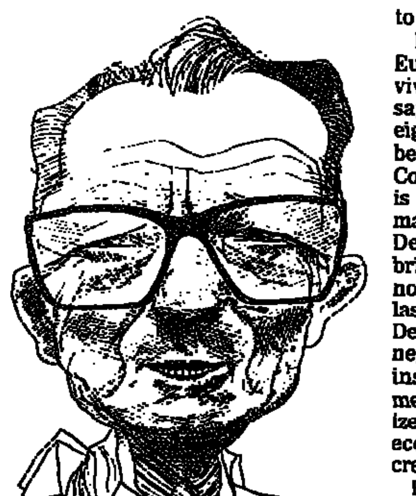
Mr Delors simply wants a public debate. For just as he anticipated the political tide was moving in favour of economic and political integration in the 1980s, so he now suspects that another shift is underway in the 1990s, one which could undermine the social policies which he has championed.

What is worrying Mr Delors is that Europe seems to be losing its capacity to generate new jobs. Between 1983 and 1990, the EC generated 9.4m net new jobs, partly in anticipation of the single European market; since 1990 it has lost a net 1.4m jobs. Low growth in the EC in 1993 and 1994 means no immediate dent in the dole queues.

The second area of concern is the Maastricht treaty's squeeze on budget deficits. This is a natural consequence of the "convergence" programmes – the path of economic virtue which member states must tread to meet the requirements for European monetary union. But hard-pressed governments looking for savings are naturally tempted to look at cuts in social spending to meet the targets, all the more so in a deeper-than-expected recession.

Mr Delors says it is time to "pull the alarm chain". The pace of technological change means that the competitiveness question will not go away. In Switzerland, workers are paid $20 an hour, 85 times more than in China. Growth rates in east Asia dwarf the EC's. "How in Europe can we ensure minimum employment and preserve the social dimension," he asked recently.

Events in Germany suggest that Mr Delors is on to something. The deal between engineering employers and trade unions, reached yesterday, to delay raising eastern wages to western levels until 1996, is one straw in the wind. Just as



telling was last week's decision by the leading private German industrial lobbies to reject government plans for a new social insurance surcharge for workers and employers. The idea was to finance residential care for the chronically sick and elderly with a DM13bn (£5.2bn) spending package. But the employers described the package as a direct threat to jobs and investment.

Mr Delors frets, too, about the UK. He is irritated by the ruling British Conservative party flaunting its oppposition to the Maastricht treaty's social chapter. While he bears no grudges against the UK government's success in boosting growth, he remains worried that other EC countries may be tempted to follow the British model, either engaging in competitive devaluations or floating their currencies outside the European exchange rate mechanism. This week's forced devaluations of the Spanish peseta and the Portuguese escudo seemed to confirm Mr Delors's fears.

Mr Delors recently declared that Europe faces a choice between survival and decline. What he is really saying is that his own legacy – eight years during which he has been by far the most impressive Commission president in history – is at risk. This means the single market; the Emu programme; the Delors II spending package to bridge the gap between the richer north and the poorer south; and lastly the social policies which Mr Delors fought for in the Maastricht negotiations. These policies, he insists, are the price which EC member states must pay if their citizens are to be persuaded of the economic sacrifices necessary to create a single European currency.

Ever since the first Danish referendum last June, Mr Delors has been forced to come to terms with a painful political fact – the national debates on Maastricht, notably in his native France, have opened up a huge gap between what the 12 EC governments were able to agree and what European public opinion is able to accept. Narrowing that gap is the great challenge of his remaining 18 months as president.

The Delors study on Europe's unemployment crisis is partly an attempt to bridge the gap, to make the Community more relevant to its citizens. The main focus will be on job creation, partly through better training, a more efficient use of the Ecu6bn (£4.74bn) social funds in Brussels, and new fiscal incentives for keeping people in work.

On the question of French presidential ambitions, Mr Delors is keeping his options open. But those who know him suggest that he is unwilling to have a straight fight with Mr Michel Rocard, the Socialist party's standard-bearer. "Only if Rocard clearly fails, will Delors enter," says one EC official.

This may reflect a lack of killer instinct, a curious failing in a politician as successful as Mr Delors. It could be the greatest obstacle to a comeback.

Lionel Barber

Victim of a class action

Social divisions are alive and damaging the Tory party, say **Philip Stephens** and **Ralph Atkins**

If there is an attitude calculated to rouse the fury of Mr John Major it is the condescension born of class-consciousness. So when Sir Norman Fowler this week launched a public attack on the sniping from the "patrician tendency" at Mr Major's premiership, the Conservative party chairman was speaking with his master's voice.

According to Sir Norman, in his speech to the Scottish Tory conference, Mr Major had fallen victim to the prejudices of the self-appointed guardians in the press of Britain's traditional class structure.

Put bluntly, the critics symbolised "everything that brought this country low during in the years before 1979 – the class division, prejudice and a wholly blinkered and outdated view of the world".

The immediate occasion of Sir Norman's attack was an article in The Times by Lord Rees-Mogg which concluded in less-than-subtle terms that the beleaguered Mr Major had been promoted above his station.

In tones reminiscent of an era when The Times was ironed by a butler before being presented to the master of the house, Lord Rees-Mogg said that Mr Major's natural place in politics was in the post of deputy chief whip rather than in 10 Downing Street.

Mr Major was enraged. For him the article was the latest in a series of personalised attacks which went beyond legitimate criticism of a long list of government mistakes. He was being vilified not simply for getting it wrong but because he had not been born into the ruling class.

Alongside Lord Rees-Mogg the targets of his anger are a group of journalists at The Sunday Telegraph and The Spectator, both owned by the Canadian enterpreneur and ardent admirer of Lady Thatcher, Mr Conrad Black.

At the top of Downing Street's roll of shame are Mr Charles Moore, the editor of the Sunday Telegraph, Mr Simon Heffer, the deputy editor of the Spectator, Mr Frank Johnson, a Sunday Telegraph columnist, and Mr Noel Malcolm, a Spectator leader writer.

If there is a common thread to be drawn between them – aside from their allegiance to Mr Black – it is an image of England and the United Kingdom shaped by past greatness rather than present-day mediocrity.

They tend to be high Anglicans, although some may join the Church of Rome to protest the ordination by Canterbury of women priests. Dr George Carey, the Archbishop of Canterbury, is bracketed alongside Mr Major as a man who has risen too far.

More important, their attachment to history and tradition has made them passionate opponents of the Maastricht treaty. England, the mother of parliaments, possesses still a political system and culture far superior to those across the channel.

Mr Moore, who confesses publicly to membership of the "highly-educated upper middle classes", expanded his views in an article in The Spectator this week under the headline: 'People find it embarrassing that this man is prime minister.'

The style of Mr Major, judged "the most demotic prime minister in our history", was contrasted with that of the "tall and distinguished-looking" Mr Douglas Hurd. What a relief it was to have a foreign secretary (like Mr Moore, an old Etonian) "who is calm and dignified and can string a sentence together". Mr Moore and his colleagues are encouraged in such venom by the certain knowledge that their barbs strike home. For that Mr Major has himself to blame.

He has been over-sensitive about the press from the moment he entered Downing Street – perhaps because during his meteoric rise during the 1980s he managed to escape the opprobrium so frequently heaped on other members of the government. Before he reached No 10 he was never in a job long enough to pay for his mistakes.

Now his friends fret about his preoccupation with the newspapers, his tendency – as he did after the publication of the Rees-Mogg article – to pick up the telephone and complain directly to newspaper editors.

Nor can Mr Major pretend that he has not sought to make capital out of his non-establishment antecedents. In 1990 the prime minister judged his humble beginnings one of his principal political strengths. What better way for an unpopular Tory party to reassert its relevance to the working classes than to elect the boy from Brixton as its new leader.

Mr Major was quick to exploit the image. A subsequent pledge during the Tory leadership election to create a "classless" society was designed to differentiate his candidacy from that of the aristocratic Mr Hurd. It worked. Mr Hurd swapped his Savile Row suits for pullovers. But Mr Major had won the point.

The prime minister's critics deny they are motivated by class prejudice. They can point to the fact that the Tory party has not been led by a patrician since Sir Alec Douglas-Home was replaced by Mr Edward Heath, a grammar school boy, in 1964. And Mrs Thatcher, the daughter of a shop-owner, won the adoration of those now attacking her successor.

Mr Moore says that it is Mr Major's lack of determination that drives his attacks: "Someone who has little formal education and no social connections and has done well in politics would normally be a very clear and determined character," he told the FT. But "he seems to be a very conformist, conventional person who takes the establishment view on everything".

Lord Rees-Mogg insists he is similarly uninterested in the fact that Mr Major feels comfortable in motorway cafes and has not been known to hunt at weekends: "It's because of the chap that he is. If you think of John Major in a non-political context he would not be a boss in any business."

Maybe. There are plenty in the Tory party who lament the "lack of grip" in 10 Downing Street. There are others who have always sniped at Mr Major's less than polished social style.

But scanning the acres of newsprint devoted to personal attacks on the prime minister it is hard to escape the feeling that for some he has become a symbol of an admission they dare not make – that England, the United Kingdom have swapped a glorious past for a second-rate future. The writers of this article, though, must declare an interest. They both went to grammar schools.

System under strain yet again

David Marsh and **Peter Norman** answer the questions you have always wanted to ask about the workings of the ERM

The cause of European economic and monetary union suffered a further setback this week when the Spanish government on Thursday was forced to devalue the peseta by 8 per cent. Portugal reluctantly devalued the escudo by 6.5 per cent. European monetary officials were an hour into a long-planned meeting in Brussels when Mr Manuel Conthe, director-general of the Spanish Treasury, sprung the news that Madrid wanted a devaluation. The crisis in the Exchange Rate Mechanism raised fresh questions about the future of Europe.

Why is the ERM in this mess?
After five realignments in the past eight months, the ERM is not fulfilling its aim of forming a zone of monetary stability. Paradoxically, present difficulties arise partly because the ERM was kept far too stable for 5½ years up to the crisis in mid-September. Governments misguidedly saw the ERM as a dress rehearsal for economic and monetary union (Emu). Unchanged parities combined with high post-unity interest rates in Germany brought down EC inflation, but also depressed EC growth. The strain of running tight monetary policies to maintain overvalued currency rates at a time of recession has proved too much for half the EC's 12 member states – resulting in the split into "hard" and "soft" currency groups.

When is Britain likely to rejoin the ERM?
Not for quite a while. Mr John Major has made clear that re-entry won't take place this year and Conservative MPs are in no mood to contemplate membership even after that. The ERM may look more attractive, however, if both Britain and Germany can achieve strong growth with low inflation.

What effect will the latest upset have on the European economy?

Where EC exports go

Percentage of each country's total exports going to each partner

	Hard*	Soft**	Rest of World
Belg/Lux	56.6	18.3	25.1
Denmark	35.8	18.6	45.6
France	32.5	30.2	37.3
Germany	30.6	23.8	45.6
Netherlands	55.3	20.8	23.9
Ireland	35.2	39.2	25.6
Italy	42.2	15.6	42.2
Portugal	44.2	30.9	24.9
Spain	44.0	27.1	28.8
UK	39.1	17.2	43.8
Greece	36.3	27.8	35.9

*Hard countries: Belg/Lux, Denmark, France, Germany, Netherlands
**Soft countries: Greece, Ireland, Italy, Portugal Spain, UK.
Source: OECD based on 1992 figures

Could be positive. Continental Europe is in recession, with both Germany and France expecting a fall in GDP this year. Any move that lowers interest rates, as the Spanish devaluation has, should help activity in Spain and elsewhere. Don't expect any dramatic improvement, however,

Any move that lowers interest rates should help activity in Spain and elsewhere

until Germany – Europe's powerhouse – begins to recover. That could take until the beginning of next year, at least, given Germany's problems with inflation and absorbing eastern Germany.

Will it have any effect on my mortgage rate?
Very unlikely. Continental interest rates have been dropping slowly since March when the Bundesbank began to ease monetary policy. But UK base rates had already fallen sharply to 6 per cent between sterling's departure from the ERM last September and January. Some building societies have warned they will not pass on further rate cuts to borrowers. With the UK economy growing again, the Treasury is happy with the present rate structure.

Should I buy my holiday pesetas now, or hold out for another devaluation?
Spain goes to the polls with 23 per cent unemployment on June 6, so it may be wise to see if there is a political upset. The market knows Spain wanted a 10 per cent devaluation and had to be content with 8 per cent. Moreover, the speculators made a profit from selling the peseta this week and may come back for more at the first sign of political or social tension.

Is there a real danger of competitive devaluations throughout Europe?
Yes – especially if there is still no sign of an EC upturn by the autumn. Exporters in the "hard" EC members have suffered big declines in competitiveness as a result of other EC currencies' devaluations of 15 per cent or more since last autumn. As the table shows, nearly a quarter of Germany's exports, and nearly a third of French exports, go to "soft" EC countries. French companies' impatience with the new right-wing government's economic policies could rise if the economy remains depressed through the winter.

Why can't governments and central banks stop all this?
Faced with an international foreign exchange market trading \$1,000bn a day, central banks' ability to counteract exchange rate movements is highly limited. European central banks sold DM284bn between last June and December to prop up currencies. But they failed to prevent the devaluation or floating of eight currencies. With EC capital controls dismantled, and most EC countries offering highly liquid markets in government bonds and other financial instruments, international investors now have the freedom and sophistication to switch huge sums.

How much money have central bankers lost from unrest since Black Wednesday?
A lot. In its failed bid to save the peseta, the Bank of Spain entered into large and very expensive contracts to buy pesetas on the forward market which will cause big losses. Britain is thought to have made a net loss of more than £2bn as a result of Bank of England operations on and before Black Wednesday. Even the Bundesbank lost more than DM1bn last September by lending foreign currency to other central banks that was repaid

Economic and monetary union by 1997, the first date named in the treaty, is unlikely

in devalued Ecu. The Bank of France may be one of the few winners because the successful defence of the franc cost speculators \$1bn.

Who are the speculators?
Basically, any company, institution or individual holding or wishing to hold assets or debts denominated in currencies which come under ERM attack can be a speculator. Investors seeking protection against the effects of devaluation can turn to swaps, options and futures markets and set in train moves that topple currencies. Such investors have been joined by aggressive US-based hedge funds seeking big profits.

What does all this mean for European economic and monetary union?
Emu becomes still more uncertain. The monetary turbulence since September has been accompanied by a sharp deterioration of the real economy in most EC countries. Only Luxembourg is fulfilling the tough economic convergence criteria laid down in the Maastricht treaty as a precondition for EC states to take part in Emu. Because of this divergence, Emu by 1997, the first date for union named in the treaty, is highly unlikely. The hard core may be ready for union by 1999. But if they go ahead it will simply confirm that the EC is developing at two or more speeds.

Is there any chance that France and Germany will agree to form monetary union on their own?
A possibility often mooted and often denied by Paris and Bonn. A Franco-German monetary union would be incompatible with Maastricht and the Treaty of Rome, setting up the EC. But the two countries are certain to extend existing co-operation and could jointly dominate an eventual union of the hard-core countries.

What has Europe learned from recent monetary crises?
Governments and central banks have been forced to take a more realistic view about the possibilities for maintaining parities of currencies viewed by the markets as overvalued. Spain's decision to give up the fight against the speculators again highlighted the difficulties dogging the Maastricht process. The upset could strengthen the case of those who say Emu can only work if there is a speedy "locking" of currency rates of the "hard" EC countries. But this would require renegotiation of the Maastricht treaty. A single European currency and central bank look a long way away.

Robert Thomson examines the viewpoints at this week's international whaling conference in Kyoto

Culture clash creates an endangered species

When Japanese officials relate the history of the International Whaling Commission, they tend to start the story in the early 1970s, when US troops were entangled in the Vietnam war and Washington was looking for a fresh issue on which to focus public opinion. That issue, the story goes, was the plight of the whale.

The Japanese interpretation, coloured by a fondness for seeing the country as a victim, is that a political conspiracy unfairly targeted the country's "whaling culture", setting in motion an influential environmental movement, represented in all its varied forms at the IWC's annual conference this week at Kyoto.

Popular as this theory is in Japan, it tends to ignore the rapid depletion of the world's whale population, mostly at the hands of large, aggressive companies and not, as popularly portrayed, by feisty fishermen in rickety boats. But the explanation does highlight that whales, slaughtered for oil, bone and flesh, have provided a rich political harvest.

Political hustling, more than international co-operation was on display in Kyoto. The IWC gathering was a forum spiced with conspiracy theories, insults, rumours and vested interests, including those of Japan's far right-wing groups which appeared in military-style uniforms to emphasise their role as cultural defenders.

The 34 countries, which had gathered to draft a scientific framework for whale management, were swayed as much by the latest opinion polls back home as by the hard statistics on whale stocks. The UK representatives were aware that the whaling issue produces "mail bags of letters", and the Norwegian delegation came armed with the threat that the country's fishing boats were in the water, ready to resume the hunt.

Small countries with a marginal interest in the whaling issue raised their hands in tandem with Tokyo, prompting allegations, denied by Japan, that votes were bought with aid money. And countries with clout, such as China and Russia, were reluctant to disagree openly with the US, which has taken the strongest anti-whaling stance and departed from the principle of "sustainable development", the controlled harvesting of natural resources.

Back in December 1946, before "sustainable development" became a fashionable phrase, an International Convention for the Regulation of Whaling was signed in Washington, establishing the IWC's guiding principles. It stated that "the history of whaling has seen over-fishing of one area after another and of one species after another to such a degree that it is essential to protect all species of whales from further over-fishing".

But the IWC consistently failed to turn the early recognition of threat into a coherent protection plan, balancing the survival of the species with commercial harvesting. The Kyoto conference continued the decades-old debate on a workable plan, drafting a 'revised management scheme' (RMS) to supersede a 'revised management programme', which replaced a 'new management procedure' in 1982.

In the past, whaling nations liberally interpreted these guidelines to protect their influential fishing industries. For example, in 1963, Japanese companies opened four land-based fishing stations in Antarctica, exploiting a loophole in regulations limiting the number of boats which could be dispatched from Japan. In 1993, the anti-whaling nations, in the majority, are purposefully slowing debate on the RMS to block a return to commercial whaling, effectively banned in 1987.


All at sea: the Kyoto conference was spiced with insults and rumours

For these nations, the debate can continue indecisively for a few more years, satisfying the anti-whaling voters at home, and avoiding a clear decision denying the right to whale. The IWC scientific report did not give a clear estimate of whale numbers and made no clear recommendations, allowing both sides to cite its findings in support of the pro or anti case.

The anti-whaling nations succeeded in adding a proposal for a whale sanctuary in the southern oceans to next year's agenda. The UK, which best reflected the views of the anti-whaling group, explained that the government "cannot even contemplate" an end to the ban until "we are fully satisfied" about whale numbers, a management structure, and the humaneness of killing methods.

Responding to that argument, the Japanese delegation called for advice on how to run a "fox-hunt humanely" and how to "kill kangaroos humanely" in Australia.

But the Japanese and Norwegian representatives were most annoyed by the US, which dropped the pretence of stalling on scientific grounds and opposed commercial whaling under any circumstances, reflecting the tougher line on environmental issues taken by the Clinton administration.

The US stance surprised some anti-whaling nations, as it is a departure from the old debate over designing the right scientific model to chart whale numbers and set appropriate catch quotas. It also departs from the concept of sustainable development, and gives primacy to politics on the grounds that, as the US delegation put it, "we found no support among the US public or Congress for the resumption of commercial whaling".

By crossing the line of sustainable development, the US, which has done much of the most useful research work on whaling, raises the possibility that other environmental debates will be redirected to the political playing field, with science a mere spectator. It also leaves the US open to criticism that in protecting bio-diversity, it is ignoring cultural diversity.

A Chinese delegate said the US statement was "unfortunate" and would be interpreted back in Beijing as a "kind of imperialism" as the IWC's scientific committee has found no reason to continue a ban on limited harvesting around the Antarctic and in the north Atlantic. And Japanese delegates were quick to interpret the decision as evidence of the cultural prejudice of beef eaters.

When the conference closed last night, the Norwegian and Japanese governments were hinting that they would withdraw from the IWC, and the fishermen outside complained that the commission was "humane to whales, inhumane to people". For the IWC, the most pressing issue may no longer be sustainable development, but sustainable relations.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Asil Nadir preferable to administrators in running company he created

From J C H Rhys-Burgess.

Sir, Given the endemic prejudice and hostility in Britain against Mr Asil Nadir, the absence of any balanced account in our press as to the reasons behind Mr Nadir's flight to northern Cyprus was perhaps only to be expected.

However, the plea from Polly Peck administrators ("Administrators call on Nadir to help strike deal on assets", May 13) for Mr Nadir to co-operate in the further dismemberment of the company he created is breathtaking in its audacity and hypocrisy.

It is alleged Mr Nadir has misappropriated £30m of company funds, precipitating the crisis which led to the appointment of administrators. Yet, to date, the administrators have taken for themselves and their lawyers at least £16m in fees.

From your report, the rump of Polly Peck's assets in Turkey and Cyprus would appear to have been owned through intermediate offshore holding companies which are strictly unaffected by the parent company's insolvency and of which Mr Nadir is either still a director or would seem to retain some measure of control.

If this means these companies can now be wrested from the grasp of the administrators, I am sure I would be one among many Polly Peck shareholders who would welcome it.

While there may be some doubt about Mr Nadir's stewardship of Polly Peck's assets, what is in no doubt at all, is that UK insolvency law is a recipe for its practitioners to plunder an insolvent company's assets with impunity.

Given a choice, I would on balance prefer our company to be run by the man without whom it would not have existed, than by people who create nothing, contribute nothing and do nothing except to trade for their own profit in the misfortunes of others.

J C H Rhys-Burgess,
Llwynderw Hall,
Abergwesyn,
Builth Wells, Powys LD5 4TW

Europe's obsolete HDTV dream

From Mr Gerry Hinde.

Sir, Thank you for your common-sense leader regarding high definition television standards for Europe ("High-cost TV", May 13).

Let's be absolutely clear. The prospects for a MAC-based future for UK broadcasters died on the day BSB merged with Sky. With developments in the digital transmission domain developing apace, it is obvious that the technology is as wrong for Europe as the motives for establishing the standard were misguided.

We talk optimistically about government efforts to reduce the level of funding given to HDTV standards; but with nations across Europe so obviously strapped for cash there is absolutely no benefit in propping up this obsolete dream any longer. One more penny in extra funding is too much.

Gerry Hinde,
editor,
The Independent Electrical Retailer,
Farnham Road,
West Liss, Hampshire

Perfection and emotion of Kodo Drummers

From Mr James McAuley.

Sir, I must question whether Anthony Thorncroft actually attended the performance of Kodo Drummers (Arts, May 12) or whether his article was compiled from reference to the programme only.

Perfection and emotion permeate the entire performance, and the solos that use "traditional instruments" such as flute and shamisen only serve to highlight the truly musical qualities of the drums.

I appreciate that two hours of Japanese influenced rhythms may not appeal to everyone, yet despite the power of the drums, which at times seemed to re-regulate your heartbeat, none of the other members of the audience, including a number of children, seemed to be remotely disturbed.

Reviews should be objective, but to intimate that this performance would only be enjoyed by "anyone interested in drumming" is insulting to the cultural open-mindedness of the west.

Some may find it boring, but I doubt many will. If you are, you can always leave.

James McAuley,
VAG (United Kingdom),
14 Abbey Road,
Bradwell Village,
Milton Keynes,
Buckinghamshire MK13 9AL

Proper bonus

From Mr David Acland.

Sir, As a private shareholder I am fed up with company directors misappropriating my money. Inflated salaries and pensions are a scandal.

Very few companies are justified in paying their chief executives base salaries over £250,000, and medium and small companies considerably less. There is, however, general approval of properly constructed performance-related bonus schemes in addition to base salary. These should require the bonus, after deduction of tax at the marginal rate, to be invested in the companies' shares and held by trustees for five years before being handed to the beneficiary. This would restore identity of interest between management and shareholders. On this basis good luck to management and may they prosper.

David Acland,
24 Caroline Place,
London W2 4AN

Compact discs: consider other cases of over-pricing – and a market at work

From M J Patrick.

Sir, If we are to have a campaign against the restrictive practices which cause over-pricing, why start with compact discs ("OFT may refer compact disc industry for inquiry", April 30, Leading article and subsequent articles)?

The costs of allegedly over-priced CDs pale into insignificance when compared with the effects of many government-endorsed schemes.

Why not look first at motor vehicles (restrictions of Japanese imports) or food (the Common Agricultural Policy)? After all, these represent a more significant and essential part of most people's daily expenditure. CDs are a luxury; no one has to buy them.

M J Patrick,
5465 Marine Drive,
West Vancouver,
BC, Canada. V7W 2R2

From Mr Selwyn Ward.

Sir, As the present controversy over transatlantic CD prices illustrates that markets can play strange tricks.

The canny shopper in New York can pick up video equipment for little more than half the UK price. Visitors to Tokyo though will be shocked to find the very same equipment – in its country of manufacture – selling at virtually double the UK price.

Few of the goods which we buy and sell have an intrinsic unit value which approaches the retail price in any market. That being the case, it is unsurprising that goods (CDs included) will sell at whatever price the local market will bear. This may be good news for the British record industry, but it is only an example of the consumer voting with his cheque book.

That, surely, is what is meant by a market economy.

Selwyn Ward,
director,
Optical World,
200 London Road,
Southend-on-Sea,
Essex SS1 1PJ

Rights issue expected from BA

By Paul Betts, Aerospace Correspondent

BRITISH AIRWAYS is expected to launch a rights issue on Tuesday to raise up to £400m when it reports its financial results for the year to the end of March.

The capital injection is aimed at strengthening the balance sheet following BA's recent series of strategic investments in other carriers at a time of difficult trading in the airline industry.

BA is also likely to report a sharp fall in pre-tax profits for its 1992-93 financial year. Analysts are forecasting profits of between £180m and £200m, compared with £285m the previous year.

The decline reflects the pressures the airline has faced from increased competition and the recession which has lasted longer than expected.

However, BA has continued to buck the general airline industry trend. The majority of its main competitors have reported heavy losses this year.

Western airlines have lost more than $10bn (£6.4bn) on international scheduled services in the last three years, according to recent International Air Transport Association figures.

Losses for Europe's biggest airlines increased to $1.35bn last year from $1.1bn in 1991, the Association of European Airlines, the trade organisation grouping 23 European carriers, said yesterday.

At the same time, BA has pursued its expansionary strategy to become a global airline by acquiring stakes in USAir, Qantas of Australia, TAT of France and a regional German carrier. It has also absorbed the operations of Dan Air, the UK regional carrier, and agreed this week to take over the Plymouth-based Brymon regional carrier.

BA last night declined to comment on the rights issue, saying only that it constantly kept its financial position under review.

The cash call would help fund the total of between £500m and £600m BA is investing in its strategic airline partnerships and reduce gearing, which stood at 46 per cent at the end of the third quarter.

The airline boosted its balance sheet last year with an after tax gain of £140m from the sale of its aircraft engine overhaul plant in Wales to General Electric of the US.

It also raised £320m from a convertible capital bond issue four years ago when it planned to invest in a stake in United Airlines before the deal with the US carrier collapsed.

Unilever rises 7% in first quarter

By Angus Foster

UNILEVER, the Anglo-Dutch consumer products company, yesterday reported first quarter profits slightly below expectations and said its US sales were affected by tight competition.

Pre-tax profits increased 7 per cent from £393m to £420m in the three months to March 31. The results were affected by sterling's weakness against the comparable period. Unilever said net profits, after tax and minorities, increased 21 per cent in sterling terms but only 2 per cent in guilders.

Turnover increased 7 per cent to £6.03bn, including a £112m gain from acquisitions. Operating profits increased 6 per cent to £443m.

European operating profits fell £1m to £269m, which included unexplained exceptionals of less than £10m.

North American profits increased 6 per cent to £18m. They were adversely affected by increased marketing costs and a £4m charge for post-retirement health care benefits, following a switch to the accruals basis of accounting. The switch is likely to cost £20m for the full year.

Operating profits from operations in the rest of the world increased 18 per cent, helped by acquisitions, although margins slipped slightly to 10.3 per cent.

Interest costs fell slightly from £39m to £31m, reflecting lower interest rates and a fall in net borrowings from £1.7bn to £1.6bn. Earnings per share were 15.8p (13.09p).

See Lex

Lonrho signs contract for £27m sale of The Observer

By Roland Rudd

LONRHO yesterday said it had signed a contract to sell The Observer newspaper for £27m to the Guardian and Manchester Evening News. The payment will be spread over two years.

The international trading group has also undertaken to indemnify the purchaser of up to £5m in respect of redundancy costs incurred as a result of the sale.

The Observer made a net loss of £8.7m in the year to September 30 1992 compared to a deficit of £14.9m.

Mr Jonathan Fenby, The Guardian's deputy editor, is to replace Mr Donald Trelford as editor of Britain's oldest Sunday newspaper. He and Mr Peter Preston, editor of The Guardian, plan to address The Observer's journalists on Tuesday when they will be questioned about redundancies.

A Guardian executive yesterday said the £5m indemnity did not mean that it planned big redundancies but would not comment further.

Donald Trelford: being replaced as Observer editor

Mr Michael Heseltine, trade and industry secretary, said he was considering an application for consent to the transfer of The Observer newspaper without a Monopolies and Mergers Commission inquiry. He invited comments from interested parties by May 21.

A transfer of ownership to GMEN requires the permission of the DTI under the provisions of the Fair Trading Act relating to newspaper mergers.

Lonrho said the proceeds of the sale would be used to fund the redundancy indemnity, the residual net liabilities of The Observer Limited and subsidiaries and to further reduce overall borrowings of the group.

The deal represents a compromise between Lonrho's two joint chief executives, Mr Dieter Bock, who was determined to sell The Observer, and Mr Tiny Rowland, who has twice blocked attempts to sell it in the past year.

Since the sale was announced Lonrho's share price has risen by 29½p to 117½p, mainly reflecting the fact that the group has sold its biggest loss-making asset.

Sheffield makes £52.9m acquisition

By Catherine Milton

SHEFFIELD Insulations Group, the supplier of insulation products and services, is to more than double its size by buying WMS Group for £52.9m, funded with a £49.9m rights issue.

WMS makes fittings for plastic windows and doors.

The 3-for-2 issue, priced at 135p, will reduce the roughly 54 per cent holding of the Adsetts family – who will not take up their entitlements – to about 20 per cent, making the stock more marketable. Sheffield's shares rose 5p to 176p.

More than 50 institutions had yesterday contacted brokers Panmure Gordon. The issue, which is fully underwritten by Samuel Montagu, was more than twice oversubscribed, a spokesman said.

Sheffield, which lifted profits by 95 per cent to £2.85m in 1992, said capital gearing of 41 per cent would be less than 10 per cent following the deal. It expects maintain the interim dividend at 1.8p and will propose a same again final of 3.6p.

Pre-tax profits at WMS, whose products include knobs and locks for PVC-u windows and doors, increased from £1.95m to £5.03m in the year to August 1992 on turnover of £27.5m (£18.8m). The consideration, to be satisfied with £47.1m cash and £5.8m in shares, is based on warranted pre-tax profits of £6.5m for 1993.

WMS, which planned to float until owner Mr Joe Moore decided to sell instead, has net assets of £11.1m, no borrowings and positive cash flow. The company received three bids.

Mr Moore will hold 6 per cent of the company and has undertaken not to sell his stake for a year. He has signed a 12-month service contract with Sheffield. Mr David Kent, WMS chief executive, will join Sheffield's board.

About 65 per cent of the value of WMS's turnover is manufactured, to the company's designs, in the Asia Pacific region, where wage costs average between 20p and 40p an hour compared with a UK average of £4.50 an hour.

Some 95 per cent of WMS's turnover is made overseas. WMS covers 75 per cent of forecast currency requirements and is exposed to fluctuations.

Mr Tim Steer, smaller companies' analyst at stockbrokers Smith New Court, said: "WMS chairman, Joe Moore, is important to the company. He's the man behind the successful Far East sourcing which no-one else in the UK does. He's a bit of a taipan out there."

He said the deal was priced at 12 times forecast earnings – which compared favourably with competitor companies – but WMS must maintain operating margins of 19 per cent.

Pittencrieff cash offer recommended

By Peggy Hollinger

THE BOARD of Aberdeen Petroleum yesterday recommended the hostile £5.7m cash offer from Pittencrieff.

It is believed the board decided to capitulate when it became apparent that almost all the institutions had deserted the USM company following Pittencrieff's decision to provide a cash alternative of 17p per share. Pittencrieff's original 3-for-49 share offer valued the shares at about 15p.

And yesterday afternoon Pittencrieff announced it had picked up a further 9 per cent of Aberdeen's shares in the market, taking its holding to 48.5 per cent.

Aberdeen is still rejecting the all-paper offer.

Pittencrieff's shares fell sharply last week following a warning that annual profits would not meet expectations.

Aberdeen also announced yesterday that it had sold its 1.75m shares in Aminex, the oil explorer, to Titan Assets for a price understood to be about £100,000.

Earlier this year, Titan had backed Aberdeen's unsuccessful attempt to take over Brabant Resources. The failure of the Brabant bid freed Pittencrieff to make its offer.

BM distribution arm up for sale

By Peggy Hollinger

BM GROUP, the engineering concern in refinancing talks with bankers, is preparing to shed all or part of its global distribution business in an attempt to reduce the more than £105m debt.

The group, which has negotiated finance facilities until next month with a consortium of 11 banks, is in talks with up to five parties. Discussions ranged from an outright sale, dilution or the formation of joint ventures.

BM is understood to be talking to several Japanese companies, including Hitachi, Marubeni – a trading house linked to Komatsu – and Tadano. These three groups are already joint venture partners in BM's Australian distribution business.

Executives of the group's UK distribution businesses are also seeking to organise a management buy-out of the European operations.

Mr Howard Sutton, chief executive, denied that the banks had forced a sale. "It is our intention and requirement to reduce the borrowing levels," he said. "There is no timescale."

BM distributes construction equipment around the world for manufacturers such as Hitachi, Komatsu and Ingersoll Rand. The businesses, which cover North America, Europe, Africa and the Far East, have a net asset value of £85.9m and total debt and financial commitments of £39.3m. The construction equipment operations incurred a pre-tax loss of £600,000 on sales of £125m in the six months to December 31.

The sale of the distribution arm would include the Blackwood Hodge businesses purchased for £54m in 1990. BM would be left with an engineering business in the UK and US, with annual turnover of about £300m.

The group's shares closed last night firm at 24½p.

TSB closes 11 branches of Hill Samuel

THE TSB Group's attempt to re-focus its Hill Samuel merchant banking arm continued yesterday. It plans to close 11 Hill Samuel branches and transfer most of their business into its retail banking network.

TSB is forming a commercial banking service, run from its 40 existing banking centres. Relationships with small businesses at Hill Samuel branches involving lending of less than £5m would be transferred to these centres.

The bank has indicated that it would be willing to sell Hill Samuel if it received the right offer. In the mean time it is attempting to refocus it on merchant banking, and target companies with a net worth of £50m to £500m.

TSB said that about 1,000 staff work in the Hill Samuel branches and the retail bank's commercial banking centres. It is not yet sure whether redundancies would result from the moves.

The closures will leave Hill Samuel with offices in London, Glasgow and Birmingham.

Tadpole moves back into the black

By Alan Cane

TADPOLE Technology, the high technology group, made a profit in the first six months reversing the trend of earlier years.

Before tax the figure for the half year to March 31 amounted £26,800 compared with a deficit of £1.4m a year ago. Turnover rose from £4.6m to £8.9m and the order book at period end stood at £5.5m.

Earnings per share of 0.3p compared with previous losses of 15.9p. The group, based in Cambridge in the UK and Austin, Texas, is not paying a dividend following the practice of high technology companies in the US which rarely pay dividends in their early years.

The shares closed 23p down at 307p, but Mr Robert Booth, finance director, said there had been speculative buying in the weeks leading up to the interim results and the price was now back at its usual level. Tadpole moved from the over-the-counter market to a full listing in December last year at 65p a share and swiftly shot up to the 300p mark.

Tadpole is a specialist in printer circuit board design and manufacture. It has managed to combine the elements of a Sun Spare work group station - the workhorse of technical computing - in a notebook sized package called the Sparcbook.

Mr George Grey, chief executive, said the results reflected growth of Sparcbook sales coupled with a good performance from the printed circuit board division.

The directors intend to appoint US financial advisers with the objective of moving towards an ADR listing.

SMS reverses into Osprey

By Peter Pearse

SHARES IN Osprey Communications, the marketing services and advertising group temporarily suspended on Thursday at 26p, yesterday jumped 6½p to 32½p following news that SMS Communications Group had reversed into it.

Osprey will allot 4.5m ordinary shares of 25p and pay £500,000 in cash to the vendors – a total value of £1.63m. Osprey is also to launch a rights issue on a 1-for-3 basis to raise £1.3m net.

SMS is headed by Mr Jack Rubins who was previously chairman and chief executive of Dorland, the UK's second biggest advertising agency and a Saatchi & Saatchi subsidiary, and group chairman of McCann-Erickson, the US advertising group.

On completion of the current deal, Mr Rubins will become chairman and chief executive of Osprey, replacing Mr John French, who will retire. Furthermore Mr Rubins will have a personal stake of about 21 per cent – and consequently effective control – of the new Osprey.

Completion, however, hinges on the successful disposal of Osprey's marketing services side to its management for an initial £2m cash and a deferred £200,000 depending on post-tax profits and assets at May 31.

Osprey felt the division had not managed sufficient growth in its main tourism and travel markets as a result of the squeeze on client budgets and "increasingly competitive conditions". It was expected to make a loss in the current year. Consequently, Osprey needed to revert to its advertising core.

Also, it can safely be assumed that Mr Rubins would not want involvement with a company with anything more than negligible gearing. The proceeds of the rights issue and the disposal will all but wipe out Osprey's short-term borrowings and will enable it to pay the cash element of the SMS acquisition.

Some 60 per cent of SMS' business in the year to October 1992 derived from its BSkyB billings. It is thought that Mr Rubins would not have reversed into Osprey without assurances from the satellite TV service that the account would stay put. It is thought that BSkyB will account for about 15 per cent of the new Osprey's billings.

BT defends payment of chairman's bonus

By Andrew Adonis

DESPITE a 36 per cent fall in annual pre-tax profits, British Telecommunications announced on Thursday an unchanged "performance-related" bonus of £90,000 for Mr Iain Vallance, its chairman, prompting questions about how the bonus was calculated.

BT said bonuses are set by a remuneration committee chaired by Mr Paul Bosonnet, a non-executive director. The committee "looks at a range of considerations reflecting operational as well as financial achievement against the targets that have been set".

The committee decided that last year "saw a strong management performance, in particular delivering a good quality of service to customers while cutting costs". Furthermore, "the profit figures were affected by a number of special charges, particularly the cost of the redundancy programme".

BT's recent quality of service report showed standards maintained or improved in most areas. Its voluntary redundancy programme cost it £1.03bn over the year, and its profits had to bear a further £188m for the repurchase of government bonds and for losses on the sale of subsidiaries. Add that back in and pre-tax profits were 3.9 per cent up the previous year.

On the other hand, turnover was 0.7 per cent down, volumes for inland calls were static, the company lost about 2 to 3 percentage points of market share.

Job losses yielded an 8.1 per cent fall in gross staff costs so that without a single redundancy, profits would still have been sharply down.

Executive pay, Page 8

Stake sale helps The Telegraph double to £19m

The Telegraph newspaper group, publisher of both the Daily and Sunday Telegraph, reported pre-tax profits doubled at £19.1m in the three months to March 31.

The result was helped by a £6.5m surplus on the sale of its 13 per cent stake in the limited voting stock of Trinity International Holdings. There was also £1.9m (£400,000) from interests in associates.

A higher tax rate resulted in a charge this time of £6.8m (£2.8m) leaving earnings per share of 9.1p (5p).

The company said that the effective tax rate for the present year would exceed the standard rate of UK corporation tax because the rate applicable to John Fairfax Holdings in Australia was higher.

The company holds a 14.7 per cent stake in Fairfax and on Thursday bought options which if exercised would raise the holding to 15.3 per cent.

Turnover for the period was £62.4m (£58.6m).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Appleby Westw'd§	fin	5.8	June 25	5.8	9	8.8
Brit & American	fin	8.25	June 16	7.32	12.05	10.595
London Atlantic	fin	2.29	July 5	2.2	3.07	2.95
Morgan Equity	int	2	June 29	1	-	3.45
Nthrn Ind Trust	int	9	July 12	8	-	23
Overseas Inv Tst	int	0.85	June 29	0.8	-	2.8
Value & Inc Tst	fin	1.8	July 6	1.62	3.6	3.24

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
25	F.P.	-	32	29	Brunswick Aggregates	32		-	-	-	-
170	F.P.	-	228	193	David Brown	225	-2	W6.0	2.4	3.3	16.0
100	F.P.	-	106	100	Fleming Emerg Mkts	105		-	-	-	-
-	F.P.	-	1	¼	¶Gaelic Res. Wrts.	1		-	-	-	-
138	F.P.	-	150	142	Hambros Ins Service	145		R5.2	2.0	4.5	14.0
-	F.P.	-	160	160	Irish Continental	160		Q5.44%	8.9	1.7	7.1
-	F.P.	-	40	21	Oriental Smlr Co's Wts	40		-	-	-	-
-	F.P.	-	37	31½	Pilkington Warrants	32¼	-½	-	-	-	-
135	F.P.	-	165	147	Regent Inns	149		D4.5	1.8	3.8	14.9
112	F.P.	-	127	112	Stagecoach	123		R1.8	1.7	3.9	15.8
260	F.P.	-	295	260	Westminster H'care	294	+1	W3.75	3.7	1.6	18.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
100	F.P.	-	105½	101	Control Independent 6½pc Cv 2005	105½	
100	F.P.	-	104¾	102¼	Inchcape 6¼pc Cv 2008	102¼	-⅛
100	F.P.	-	107¾	100⅝	Legal & General 5¾pc Cv 2008	101¼	-⅛
66½	F.P.	-	85½	85½	Throgmorton Trust 7¾pc Cv 2003	85½	
100	F.P.	-	126	122½	Tops Estates 7½pc Cv Uns Ln 2020	125½	-½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
560	Nil	8/6	120pm	105pm	Atlas Cnvrtg Eqpmt	105pm	
63	Nil	13/5	27pm	12pm	Avesco	25pm	
290	Nil	10/6	76pm	41pm	Meyer Intl.	76pm	+7
60	Nil	11/6	4pm	3pm	Newmark (Louis)	4pm	
32	Nil	24/5	8pm	7pm	¶Severfield Reeve	8pm	
5	Nil	17/5	1¼pm	¼pm	Sycamore	¼pm	
47	Nil	16/6	8pm	6pm	UK Safety	8pm	
171	Nil	30/6	13pm	10pm	United Drug	12pm	-1

b Figures based on prospectus estimates. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. & Issued by way of rights. † Introduction. § Placing price. ¶ Unlisted securities market. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Apr. 26
- Last Dealings May 14
- Last Declarations Jul. 29
- For settlement Aug. 9

3-month call rate indications are shown on page 11.

Calls in J. Bibby, Cluff Res., Driefontein, French Connection, Greenwich Res., Hartstone, Lonrho, MIM, North Broken Hill, Simon Eng., Waverley Mining Fin. and Yorks.-Tyne Tees TV. Puts in Amstrad, Goldsmiths and Sims Food. Doubles in Hanson warrants and Ratners.

NEWS DIGEST

Euromoney advances to £5.94m

PRE-TAX profits of Euromoney Publications increased by £1.32m to £5.94m in the six months to the end of March. Turnover showed a 14 per cent improvement, from £17.1m to £19.5m.

At the operating level, profits advanced from £3.71m to £4.43m and associate undertakings contributed profits of £469,000 against a deficit of £16,000 last time.

The pre-tax outcome included interest receivable of £1.04m (£924,000). The balance sheet is strong, the directors said, with net cash of £24m against £22m a year ago.

The company, 75 per cent-owned by the Daily Mail and General Trust, publishes 44 magazines worldwide – a number of which had their most successful first halves yet, the directors said, although Euromoney magazine did less well than last year.

An interim dividend of 10.5p (8p) is being paid from earnings of 19.5p (14.9p) per share.

Appleby Westward shows 22% decline

Appleby Westward Group, the USM-quoted company which distributes groceries to Spar and VG outlets, yesterday reported pre-tax profits of £1.28m for the 32 weeks to February 28.

That represents a 22 per cent downturn from £1.64m for the previous 53 week period and was struck on sales of £70.7m against £72.9m.

Mr Roger Harvey, chairman, said the reduction in turnover reflected the shorter reporting period and a fall in the number of accounts served.

A maintained final dividend of 5.8p is proposed for an improved 9p (8.8p) total. The dividend is payable from earnings down from 20.7p to 15.7p.

Benson Grp shares fall on warning

Shares in Benson Group, the Wolverhampton-based engineering company, closed down 5p at 15½p following a warning that full-year profits would be lower than originally expected.

However the company, which reported interim pre-tax profits of £817,000 (£225,000), said the outcome for the year to the end of May would still show substantial progress on the £915,000 of the previous year.

Sleepy Kids seeks £1.2m as losses rise

Sleepy Kids, the USM-quoted creator and developer of animated cartoons, yesterday reported increased losses for 1991-92 and at the same time called on shareholders for £1.2m.

The deficit for the 12 months to end-October widened from £155,927 to £356,243 at the pre-tax level after taking account of exceptional provisions of £170,251 (£58,079).

The fully underwritten rights issue is of 7.49m new ordinary shares at 18p. The shares closed 1p lower at 26p.

Some £900,000 of the net proceeds of the issue will be used to fund the group's participation in the production of the animated series of Budgie the Little Helicopter.

The balance will provide additional working capital.

The directors expect the Budgie series, created from stories by the Duchess of York, to be available by April 1994.

Negotiations for a production agreement have reached an advanced stage for the animation of the series with Fred Wolf Films. It is proposed that Sleepy Kids provide up to maximum $1.3m (£840,000) towards the overall cost of production.

British & American Film slips to £1.25m

Pre-tax profits of British & American Film Holdings were marginally down, from £1.27m to £1.25m, in the year to December 31.

Earnings per share improved from 34.4p to 36.81p. The final dividend is being increased to 8.25p (7.32p) making a total for the year of 12.05p (10.695p).

Net asset value per share at the year end, excluding film rights, stood at 1,023.1p – against 898.5p six months ago and 880.8p a year earlier. At April 29 this year the figure had risen further to 1,110.2p per share.

Recovery at Mining & Allied Supplies

Mining & Allied Supplies, the bearing and transmission distributor, reported a recovery in the six months to March 31.

On turnover of £11.3m (£9.7m) pre-tax profits were £347,000, compared with £12,000. Earnings per share came out at 1.2p (0.04p).

During the period Westwood Dawes was restructured and was now trading profitably. There was an extraordinary charge of £90,000 to cover the costs. Profits at Antifriction Components, acquired in October last year, continued to improve.

Mr Dan Slabbert, the executive chairman, announced that he was splitting his roles and Mr Alan Batt would become managing director.

Chiltern Radio deficit widens

Losses at Chiltern Radio rose from £179,000 to £325,000 pre-tax for the six months ended March 31. For the full year to end-September 1992 the group incurred a deficit of £392,000.

The first half loss took account of an exceptional provision of £77,000 in respect of a permanent diminution in value of the company's investment in Independent Radio News.

Turnover of £2.75m compared with £2.55m. Losses per share emerged at 3.4p (1.9p).

Value and Income Trust net assets up

Net asset value per share at Value and Income Trust at the March 31 year end stood at 92.5p, against 74.7p at September 30 last year and 70.6p a year earlier.

Net revenue for the year improved from £1.49m to £1.65m and earnings per share came out at 3.97p (3.79p). A final dividend of 1.8p (1.62p) makes a total for the year of 3.6p (3.24p).

The directors said they expected to pay a total net dividend for the current year of 4p, even if it proves necessary to draw on reserves.

Cerus stake

Cerus's 29.9 per cent stake in Leopold Joseph was placed at 312p and not 230p as reported yesterday.

Changes to FT London Share Service statistics

WITH EFFECT from next Tuesday, readers of the London Share Service pages will start to notice a capital "N" against the names of some companies.

The symbol indicates that the version of the company's earnings used in the FT's price:earnings ratio and other statistical calculations have been changed to the "headline earnings" formula devised by a sub-committee of the Institute for Investment Management & Research (IIMR) and proposed in draft form in early March.

The FT has chosen the formula proposed by IIMR because it represents the broadest available consensus on a "single number" treatment of earnings. Although still subject to final review it constitutes the considered response of the institutional investment community to the adoption by the Accounting Standards Board of Financial Reporting Standard 3 on corporate earnings (FRS 3).

UK companies will not be required to report their results in line with FRS 3 until after June 22. Many have already done so, however, and the Financial Times has been taking full account of this for the past three months in its company reporting.

We believe the number of companies complying with FRS 3 is now large enough to justify using a new basis for earnings wherever it is required for statistical purposes.

The aim of the IIMR headline earnings formula is to include a company's actual activities during the reporting period, including those activities which have been with the company only for part of the period. Key features are:

- All trading profits/losses are included in the earnings number. Items which are abnormal in size or nature are included but should be flagged.
- Profits and losses on the sale of fixed assets or of businesses should be excluded. This does not apply to assets acquired for resale, such as marketable securities.
- Profits and losses arising in activities discontinued at some point in the period, or in activities acquired at some point in the period, should remain in the earnings figure. Costs of eliminating a discontinued operation, or of making an acquisition, are excluded.

Although it will be surprising if we do not encounter difficulties with some individual companies' figures, we are confident that the IIMR headline earnings formula will provide a factual and robust basis for the statistical calculations on which FT readers rely.

Further information on the FT's treatment of earnings is available from The Manager, FT Statistics, One Southwark Bridge, London SE1 9HL.

M T W T F S S

ECONOMIC DIARY

TODAY: National Savings results (April).
TOMORROW: Bifu conference opens in Llandudno.
MONDAY: Ministerial meeting of EC/ACP (African, Caribbean and Pacific) Council in Brussels.
TUESDAY: Second Danish national referendum on Maastricht Treaty on European union. CBI survey of distributive trades (April). UK acquisitions and mergers (first quarter). Index of production (March). Financing of the central government borrowing requirement (first quarter). Monetary statistics including: M4 sectoral analysis; bank and building society sterling lending (first quarter). US housing starts (April). CBI annual dinner at Grosvenor House Hotel, London. Preliminary figures from British Airways, Marks and Spencer and Allied Lyons.
WEDNESDAY: Retail sales (April). Public sector borrowing requirement (April). US merchandise trade (March). Meeting of Western European Union ministers in Rome. Bundesbank central council meets.
THURSDAY: Provisional figures of vehicle production (April). Labour market statistics: unemployment and unfilled vacancies (April-provisional); average earnings indices (March-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Long term unemployment (quarterly analysis of unemployment by age and duration) (April). Machine tools (March). US jobless claims. The European Policy Forum holds a business briefing on "The European Community after the Danish referendum" at the Queen Elizabeth II Conference Centre, Westminster. Interim figures from British Gas; preliminary figures from Storehouse and Prudential Corp.
FRIDAY: Retail prices index (April). Major British banking groups' monthly statement (April). Provisional estimates of monetary aggregates (April). Building societies monthly figures (April). Third round of Sino-British talks in Beijing. Informal meeting of European Community finance ministers in Denmark.

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied-Lyons	500	50	56	66	12	19	26
(*545)	550	18	32	40	35	43	50
Argyll	300	19	27	33	13	17	23
(*312)	330	7	16	19	32	35	39
ASDA	57	11	14	-	3	4	-
(*64)	67	5	8	-	6	8½	-
Brit Airways	300	17	28	35	13	18	25
(*303)	330	7	15	22	32	37	41
Smkl Bchm A	460	32	45	56	23	33	40
(*485)	500	15	28	38	47	56	63
Boots	420	40	52	58	8½	15	21
(*447)	460	17	31	37	27	33	39
BP	300	32	38	44	7	12	17
(*322)	330	14	21	27	19	25	30
British Steel	90	11½	15	18	4½	7½	9½
(*97)	100	6½	10	13½	10	12	14
Bass	500	36	50	55	13	21	33
(*528)	550	13	25	32	43	50	60
Cable & Wire	700	38	55	67	28	37	45
(*716)	750	16	32	44	60	67	72
Courtaulds	500	58	68	76	8	16	23
(*549)	550	23	38	48	29	37	44
Comm Union	650	23	38	68	29	37	23
(*585)	600	7	19	42	66	71	45
Fisons	160	23	30	35	8½	15	17
(*170)	180	13	21	24	19	26	30
GKN	420	29	36	-	11	22	-
(*433)	460	10	16	-	33	44	-
Grand Met	390	39	47	56	8½	15	23
(*417)	420	20	30	39	22	29	37
ICI	1250	73	94½	117	45	70½	85
(*1264)	1300	47½	66½	92½	69	99½	110
Kingfisher	584	36	50	-	18	28	-
(*609)	632	13	28	-	47	55	-
Ladbroke	160	20	28	30	8½	14	21
(*171)	180	10	16	22	21	28	32
Land Secur	500	47	47	52	6½	12	18
(*544)	550	10	22	28	32	41	43
Marks & S	330	24	33	39	8	14	16
(*349)	360	8	18	25	25	29	32
NatWest	460	31	41	52	17	28	32
(*469)	500	14	23	33	41	52	55
Sainsbury	420	38	50	58	10	16	19
(*452)	460	17	29	37	32	35	43
Shell Trans.	600	31	41	48	13½	25	30
(*611)	650	9	16½	24	44	54	58
Storehouse	200	14	23	28	12	15	23
(*203)	220	7	15	19	26	30	34
Trafalgar	90	11½	15	15	4½	7½	13
(*93)	100	6½	10	12	10	12	18
Unilever	1050	52	80	90	25	32	39
(*1082)	1100	23	55	70	50	60	67
Utd Biscuits	390	43	51	58	13	19	25
(*414)	420	27	36	43	28	34	40

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero	300	18	31	54	4½	25	35
(*312)	330	2½	24	39½	22	42	54½
BAA	700	49	58	72	1	15	21
(*748)	750	7	27	45	8	34	45
BAT Inds	850	22	58	71	4	27	48
(*868)	900	3	32	48	39	55	79
BTR	550	38	52	60	1	7½	17
(*586)	600	1½	21	30	15	28	40
Brit Telecom	390	25	38	40	1	7	16
(*414)	420	3½	18	24	10	19	31
Cadbury Sch	420	37	49	57	1	6½	14
(*456)	460	3	23	34	9	22	30
Eastern Elec	420	39	47	51	1	10	16
(*455)	460	5	21	28	7	30	35
Guinness	460	21	40	51	3½	14	24
(*478)	500	1	19	31	25	35	44
GEC	300	18	24	30	1	9	14
(*316)	330	1	8	15	15	27	31
Hanson	240	3½	11	16	2½	10	15
(*241)	260	½	5	9	21	25	29
Lasmo	140	14	22	29	1½	9	14
(*152)	160	2	12	19	11	19	25
Lucas Inds	130	9	18	23	1	7½	13
(*139)	140	3	14	18	4	12	19
P & O	550	35	53	63	2	15	33
(*583)	600	3½	28	40	22	40	58
Pilkington	120	9	14	19	3	7	10
(*128)	130	2½	9	14	4	13	16
Prudential	300	20	20	35	1	6½	13
(*319)	330	1	13	18	13	20	28
RTZ	600	45	64	77	2	11	23
(*643)	650	5	32	49	12	32	48
Scot & New	420	37	47	52	1	9	17
(*458)	460	5	20	29	7	29	36
Tesco	200	18	25	30	1	6	10
(*216)	220	3	13	19	6	14	18
Thames Wtr	460	40	44	47	1½	10	17
(*497)	500	5	16	24	7	30	37
Vodafone	390	25	38	50	1	13	19
(*414)	420	2½	21	34	9	26	34

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Redland	500	36	49	58	20	34	39
(*508)	550	15	27	36	51	64	68
Royal Insce	300	23	31	38	11	17	21
(*306)	330	10	17	24	28	34	38
Williams	300	37	44	49	5½	13	15
(*326)	330	18	26	33	17	25	28

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Abbey Natl	390	31	40	49	4½	14	18
(*414)	420	11	23	32	16	28	33
Amstrad	30	4½	6½	8	2	3½	4
(*33)	35	2	4	6	4½	6½	7
Barclays	420	22	36	47	8	19	23
(*434)	460	5	17	28	31	42	49
Blue Circle	240	23	32	38	5	12	19
(*258)	260	10	22	29	13	22	29
British Gas	280	19	27	32	3	7½	14
(*295)	300	7	15	21	11	16	22
Dixons	200	20	27	34	4½	13	19
(*213)	220	10	17	25	13	23	30
Eurotunnel	390	24	45½	61	17½	33	44½
(*395)	420	11	30	45	36	51½	61½
Glaxo	600	55	80	90	10	29	44
(*642)	650	22	51	65	30	48	70
Hillsdown	140	17	24	28	3	7	11
(*153)	160	5½	12	17	12	17	21
Lonrho	100	19	23½	27½	1½	6	9
(*117)	110	12	17½	22	3½	10	13½
HSBC 75p shs	600	34	56	73	19	36	49
(*614)	650	12	34	52	48	65	76
Natl Power	300	25	34	42	3	8½	13
(*321)	330	7	17	25	16	22	25
Reuters	1250	54	35	128	27	57	77
(*1265)	1300	27	67	98	54	82	105
Rolls-Royce	140	13	19	24	5	9½	13½
(*148)	160	3½	9½	13	18	21	24
Scot Power	280	21	26	29	2½	9	13
(*308)	310	8	13½	19	9	21	22
Sears	100	6	10½	14	4	8	9
(*102)	110	2	6	8½	10½	13	16
Forte	180	16	24	29	4	10	14
(*191)	200	5½	14	19	14	20	25
Tarmac	130	12	18	23	5	9	15
(*136)	140	7	14	19	11	16	20
Thorn EMI	800	49	64	78	8½	29	37
(*836)	850	18	31	50	26	57	65
TSB	180	8	14	18	7	12	17
(*181)	200	2½	8½	11	22	27	30
Tomkins	220	10	18	23	7	14	17
(*223)	240	3	8	14	21	27	30
Vaal Reefs	60	10	15	17	3	8	8½
(*$65)	70	5½	9	12	7	12	14
Wellcome	700	60	91	108	17	33	50
(*737)	750	30	62	82	35	54	74

EURO FT-SE INDEX (*2849)

	2675	2725	2775	2825	2875	2925	2975	3025
CALLS								
May	184	133	84	37	10	3	1	1
Jun	191	145	104	68	40	21	10	5
Jul	-	161	-	88	-	40	-	14
Sep	-	194	-	127	-	77	-	44
Dec †	-	-	-	171	-	115	-	-
Mar †	-	-	-	-	-	-	-	110
PUTS								
May	1	1½	3	10	35	75	124	174
Jun	8	12	19	35	56	88	127	170
Jul	-	22	-	46	-	98	-	173
Sep	-	41	-	75	-	121	-	185
Dec †	-	70	-	105	-	-	-	-
Mar †	-	-	-	139	-	175	-	-

FT-SE INDEX (*2849)

	2650	2700	2750	2800	2850	2900	2950	3000
CALLS								
May	206	156	107	58	18	5	1	½
Jun	215	167	123	84	51	27	13	6
Jul	228	183	142	107	75	50	32	19
Aug	244	204	165	130	100	73	55	38
Dec †	-	255	-	195	-	135	-	90
PUTS								
May	½	1	1½	4	18	56	104	154
Jun	5	8	14	25	44	73	111	154
Jul	13	17	27	42	62	89	122	157
Aug	22	30	42	57	77	102	133	169
Dec †	-	70	-	98	-	145	-	200

May 14 Total Contracts 28,727
Calls 15,950 Puts 12,777
FT-SE Index Calls 3,904 Puts 4,465
Euro FT-SE Calls 838 Puts 1,977-
*Underlying security price. †Long dated expiry mths.
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	36	HSBC (75p shs)	39	Ratners	3	Brit Land	7
Allied-Lyons	50	Charter Cons.	52	Hanson	20	Reed Intl	52	Land Sec.	40
Amstrad	3½	Comm Union	52	ICI	75	Sears	9	MEPC	30
Astec (BSR)	3½	Courtaulds	48	Ladbroke	15	SmKl Bchm A	40	■ OILS	
BAT Inds	75	Eurotunnel	30	Legal & Gen	38	TI	28	Arcon Intl.	6
BOC	56	FKI	12	Lex Service	19	TSB	12	Aviva Pet	5
BTR	41	FNFC	7	Lloyds Bank	45	Tesco	20	BP	21
Barclays	30	Forte	14	Lonrho	7	Thorn EMI	70	Burmah Castrol	60
Blue Circle	22	GKN	40	Lucas Inds	13	Tomkins	22	Premier Cons	3
Boots	42	Gen Accident	31	Marks Spencer	25	T & N	15	Shell	36
Bowater	40	GEC	22	NatWest Bank	30	Unilever	72	■ MINES	
Brit Aerospace	24	Glaxo	55	P & O Dfd	40	Vickers	9	RTZ	52
British Steel	6	Grand Met	40	Racal Elect	12	Wellcome	75		
Brit Telecom	28	GRE	15	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	May 14	May 13	May 12	May 11	May 10	Year ago	*High	*Low
Govt Secs (UK)	94.71	94.85	94.92	94.84	94.86	89.04	95.54	93.22
Fixed Interest	110.92	110.99	110.96	111.02	110.95	104.33	112.85	102.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75). Basis 100 Government Securities 15/10/26 Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
May 13	89.6	101.3
May 12	93.4	99.4
May 11	110.7	102.4
May 10	97.3	102.4
May 7	111.6	103.7

* SE activity, indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Gold market bulls return in force

AFTER TAKING a well-earned rest in the early part of this week the international speculators who had driven the gold price ever higher over the past few weeks returned to the market on Thursday refreshed and raring to go. And they quickly made their presence felt. The London bullion market price, which had eased back 65 US cents from the nine-month high reached at the end of last week, ended the day $12 higher at a 17-month high of $369.15 a troy ounce.

There was an overnight retracement and yesterday's London opening was at $366.50 an ounce, but by the close it had moved up again to $367.80.

The renewed surge, which took gold's price rise over the past three weeks to nearly $24, was greeted with little enthusiasm among market professionals. "The market is explosive. It has lost contact with reality," was the comment of one dealer.

The bullish bug that has infected the gold speculators was contracted three weeks ago after they heard that Mr George Soros, the financier who made a fortune last autumn by betting against sterling and the Italian lira, had bought $400m worth of shares in Newmont Mining, the biggest US gold producer from Sir James Goldsmith, who had used some of the money to purchase options to buy physical gold. It was revealed this week that Sir James had sold another substantial tranche of his Newmont stake.

Analysts have pointed out repeatedly that the physical supply/demand situation does not justify the recent advance but their voices have been drowned in the clamour of the chartists. Even before Thursday's leap Ms Rhona O'Connell of Williams de Broë Mining Research was counselling caution. "The underlying fundamentals should start to bring some order back into proceedings at this level," she said. ". . .but the fund managers have got the bit between their teeth."

"It will all end in tears," said Mr Ted Arnold, analyst at the Merrill Lynch financial services group. But he conceded that the weight of fund buying and covering by options granters could in the meantime push the gold price "to virtually any level".

Silver followed gold upwards, ending nine cents up on the week at 444.50 an ounce, but platinum lost $2.50 on balance at $382.50 an ounce.

Lack of fundamental justification was also a matter for concern among traders on London Metal Exchange copper market this week as they watched prices stage a substantial rally from last week's 5½-year lows. The three months delivery contract rose £105 over the first four days (helped by a fall in sterling's value against the US dollar). But when it bounced off resistance at the equivalent of $1,870 a tonne yesterday morning consensus was quickly reached that the technical correction was over and sellers piled in. By the close the three months price was down to £1,164.50 a tonne, up £35.75 on the week – but most of that rise was attributable to the currency factor.

The sudden turnround in the copper prices soured sentiment in other LME markets, notably zinc, which fell $34.25 on the day in the three months position, which ended the week $43 down on balance at $864.50 a tonne. Dealers said the zinc market had already been suffering from a deteriorating technical situation and yesterday's breach of support, first at $1,115 and then at $1,000 a tonne, had triggered stop-loss selling and panic liquidation.

LME WAREHOUSE STOCKS
(As at Tuesday's close)
tonnes

Aluminium	-150	to 1,791,175
Copper	+3,650	to 407,125
Lead	+800	to 251,825
Nickel	+294	to 92,274
Zinc	+1,400	to 646,175
Tin	-35	to 20,440

Nickel prices fell back sharply after the steam was taken out of the market by a warning on Tuesday that the LME was monitoring a developing squeeze situation centred on the end of this year. As the cash position closed yesterday at $5,687.50 a tonne, down $312.50 on the week dealers said that talk was circulating that the European trader behind the November/December tightness was unwinding his position.

At the London Futures and Options Exchange robusta coffee prices were briefly boosted on Thursday by news that Colombia, the world's second biggest coffee producer had set an effective minimum export price of 60 cents a lb, just above current nearby quotations on the New York coffee market. But most of the London rise had been wiped out by the end of the day as dealers discounted the significance of the news, and New York prices actually finished the day lower.

Sentiment improved a little yesterday, however, when the Reuter news agency reported that the Brazilian industry and commerce minister, Mr Jose Eduardo Vieira, on a one-day trip to Colombia on May 23 to hold talks with President Cesar Gaviria and Colombia's National Federation, would be taking with him a proposal by the Inter-African Coffee Association that the Latin Americans and Africans should co-operate in an effort "to establish minimum coffee prices on an international level".

Brazil had not taken a position itself on the proposal, presented on Wednesday by the organisation's secretary general, Mr Arega Worka, and the Ivory Coast commodities minister, Mr Guy Alain Emmanuel Gauze, an official said.

He also said that Mr Vieira had suggested that the African organisation create a fund with contributions from each of the 25 member countries to improve the quality of their coffee and that the African countries should burn their "low-quality stocks" to improve the overall quality.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri May 14	Day's change %	Thu May 13	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (23)	127.55	+0.01	127.53	2.07	4.09
2	5-15 years (24)	145.81	-0.11	145.96	2.03	5.22
3	Over 15 years (9)	155.93	-0.14	156.14	2.53	3.48
4	Irredeemables (6)	174.71	-0.12	174.91	0.61	6.12
5	All stocks (62)	142.55	-0.07	142.65	2.13	4.58
	Index-Linked					
6	Up to 5 years (3)	183.21	+0.09	183.05	0.50	1.92
7	Over 5 years (11)	171.63	+0.02	171.59	0.98	1.72
8	All stocks (14)	172.06	+0.03	172.01	0.90	1.75
9	Debs & Loans (66)	126.59	-0.12	126.90	2.13	4.24

AVERAGE GROSS REDEMPTION YIELDS

			Fri May 14	Thu May 13	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	7.11	7.09	8.21	7.22	29/4	6.33	19/2
2	Coupons	15 years	8.09	8.06	8.95	8.37	12/1	7.54	18/3
3	(0%-7¾%)	20 years	8.31	8.29	8.95	8.64	20/1	7.83	8/3
4	Medium	5 years	7.39	7.37	9.18	7.56	11/1	6.73	15/3
5	Coupons	15 years	8.51	8.48	8.99	8.83	19/1	8.06	8/3
6	(8%-10¾%)	20 years	8.61	8.59	8.97	9.05	20/1	8.23	13/4
7	High	5 years	7.62	7.60	9.38	7.78	11/1	6.89	8/3
8	Coupons	15 years	8.75	8.72	9.11	9.11	20/1	8.27	8/3
9	(11%-)	20 years	8.80	8.77	9.06	9.20	20/1	8.36	8/3
10	Irredeemables (Flat Yield)		8.63	8.62	9.14	9.05	20/1	8.29	13/4
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.74	2.75	4.01	2.78	13/1	1.82	12/2
12	Inflation rate 5%	Over 5 yrs.	3.60	3.59	4.45	3.89	14/1	3.36	18/3
13	Inflation rate 10%	Up to 5 yrs.	1.95	1.96	3.26	2.09	13/1	0.92	12/2
14	Inflation rate 10%	Over 5 yrs.	3.43	3.42	4.25	3.72	14/1	3.19	19/3
15	Debs &	5 years	8.96	9.00	10.55	9.06	14/5	9.06	16/3
16	Loans	15 years	9.54	9.52	10.38	9.94	19/1	9.14	10/3
17		25 years	9.63	9.68	10.25	10.10	19/1	9.38	10/3

INTERNATIONAL COMPANY NEWS

Petrofina plans BFr10bn asset sales and job cuts

By Andrew Hill in Brussels

PETROFINA, the oil group which is one of Belgium's largest industrial companies, is to cut further jobs across all sectors and sell BFr10bn ($301m) of assets in an effort to improve profitability.

Mr Francois Cornélis, the group's vice-chairman and managing director, told shareholders at yesterday's annual meeting that this was not be a pleasant task but would substantially improve the performance of the company.

Petrofina was forced to cut its dividend this year for the first time since 1959 after consolidated profits fell by 72 per cent, from BFr16.3bn in 1991 to BFr4.6bn in 1992, hit by low crude prices and the unfavourable dollar exchange rate.

At a press conference before the shareholder meeting, Mr Cornélis said personnel would be reduced by about 5 per cent this year - a cut of more than 750 jobs out of a workforce of 15,490 at the end of 1992. The number of employees has already come down from 17,131 in 1991.

The cash earned from asset sales will include money already raised from the sale of shares in Tractebel, the Belgian utility company, plus the sale of undeveloped reserves in the North Sea and US reserves, which are proving slow to bear fruit.

Mr Cornélis told shareholders that profits for 1993 should improve on 1992 if the price of crude oil and gas remained stable.

First-half net profits are likely to be roughly the same as in 1992, when they reached BFr4.16bn, in spite of a strong improvement in refining and petrochemical margins over the last month.

Petrofina has been at the centre of takeover speculation in the last few months. Shareholders approved a series of proposals aimed at strengthening the group's takeover defences.

Disposals help trim deficit at Pirelli

By Haig Simonian in Milan

PIRELLI, the Italian tyres and cables manufacturer, took a further step towards recovery yesterday with a reduced group net loss of L105bn ($68.6m) after minority interests for 1992, down from L566bn in 1991.

The figure for 1991 has been adjusted for disposals made as part of Pirelli's policy of selling its non-core diversified products division. Group sales rose slightly to L8,252bn from L8,145bn, while losses at the parent company level shrank to L87bn from L424bn.

A substantial part of the loss reduction stemmed from extraordinary gains on the sales of activities within the diversified products division.

However, Pirelli's basic operating performance also picked up, thanks to heavy industrial restructuring, which reduced the number of its factories by 12 to 90 and sliced the workforce by 6,000. Operating profits rose by about L100bn to L278bn, in spite of L108bn in additional depreciation charges.

The company, which is again passing its dividend, warned that market conditions remained very difficult and repeated its commitment to continued restructuring to improve competitiveness.

Recent disposals of non-core activities and the group's shares and option rights in Continental, the German rival Pirelli tried to take over in 1990-91, will produce a one-off gain of about L150bn and reduce debts by about L500bn this year.

Extraordinary items stemming from the asset sales produced a net gain of L134bn in 1992, helping to lift group net earnings before restructuring charges to a profit of L41bn.

Dresdner Bank profits up by 15%

By David Waller in Frankfurt

GROUP operating profits at Dresdner Bank rose by "around 15 per cent" in the first four months of 1993, Mr Wolfgang Röller, the bank's outgoing chief executive told shareholders yesterday.

At his last shareholders' meeting before Mr Jürgen Sarrazin takes over as chief executive of Germany's second biggest bank, Mr Röller said that there had been "substantial" gains in the profits generated by own-account securities trading and fee-based services.

Commission income grew by 20 per cent, he said, while interest income remained steady over the four months. For the whole of 1992 total operating profits rose 13.1 per cent to DM2.81bn ($1.7bn), as reported last month.

Mr Röller gave no figures for the first third of the year but it is likely that total operating profits were in the region of DM1.1bn for the period. This is a 15 per cent increase on one third of last year's total profit – the format the bank traditionally uses to calculate profit increases for less than a full year.

Mr Röller said it was too early to draw definitive conclusions about the result for the year as a whole, although he said that from today's perspective profits would be "good".

He said the pattern of the early months was likely to be repeated over the rest of the year, with "restrained" growth in credit business offset by growth in fee-earnings business.

The figures confirm that the German banking sector has made a good start to 1993 after a record 1992, as indicated earlier this month when Commerzbank, Germany's third biggest bank, reported total operating profits up 25.2 per cent to DM651m for the first quarter of the year.

Wolfgang Röller, Dresdner's outgoing chief executive

The impetus for growth has come from good conditions in the German bond and equity markets rather than strong lending. Credit business has slowed down sharply, reflecting the delayed impact of the Bundesbank's tough interest rate regime as well as the deterioration in the economy.

Moreover, the operating profits disclosed by the banks take no account of the worsening credit environment in Germany which is giving rise to higher provisioning for bad and doubtful debts.

● BHF, the Frankfurt-based merchant bank, reported separately that partial operating profits – excluding trading results – rose by 7 per cent in the first four months of the year.

Nissan Iberica losses deepen

By Kevin Done, Motor Industry Correspondent

LOSSES at Nissan Motor Iberica, the Japanese carmaker's Spanish subsidiary, rose sharply to Pta11.1bn ($89.7m) in the first three months of the year from Pta1.2bn in the corresponding period a year ago.

Nissan Motor confirmed yesterday that it is to inject Pta5.02bn in new equity capital to strengthen the balance sheet of the majority-owned Spanish subsidiary.

The new equity will raise Nissan's holding in Nissan Motor Iberica from 67.7 per cent to 70.3 per cent.

Nissan Motor Iberica, which suffered a loss of Pta14.37bn in the whole of 1992, said turnover had fallen by 22 per cent in the quarter to Pta32.35bn. Sales volume, including domestic sales and exports, also fell by 22 per cent to 18,552 units.

Nissan Iberica has been hit hard by the drastic fall in demand in Spain, where sales of commercial vehicles declined in the first quarter by 40 per cent and car sales by 37 per cent from a year earlier.

As part of a series of restructuring measures aimed at reducing losses Nissan Iberica said that it was seeking:

● to cut costs in vehicle assembly by 15 per cent this year and by 10 per cent a year in both 1994 and 1995,

● to reduce overhead costs "drastically", and

● to cut its indirect and salaried workforce by around 600 jobs or 15 per cent.

The company's financial performance has also been burdened by heavy investments in the development of new products and in the modernisation of plant and equipment in the last two years totalling around Pta100bn.

Nissan is seeking to transform the offshoot from its role as a maker of light and medium duty commercial vehicles chiefly for the domestic market, into a producer of niche passenger vehicles to be sold across Europe.

Nissan Motor Iberica expects production to rise to around 90,000 this year and to 130,000 in 1995 from 77,000 in 1992.

John Fairfax well ahead at nine months

JOHN FAIRFAX, the Australian publishing group in which Mr Conrad Black and Mr Kerry Packer have significant holdings, boosted profits before tax and interest by about 30 per cent to A$120.95m (US$86.3m), in the nine months to end-March, Reuter reports.

Fairfax, relisted on the stock exchange a year ago, said there were no formal comparative figures but thought it appropriate to compare results. Net profit was A$47.4m. Advertising and circulation revenues rose while costs were held at about 1992 levels.

Operating revenue rose to A$568.01m from A$539.24m in the same period last year.

Mr Black's Telegraph owns 15 per cent of Fairfax and has government approval to move to 25 per cent. Mr Packer controls 10.45 per cent.

Improvement for ANZ in first six months

By Amelia Tagaza in Melbourne

ANZ GROUP, the big Australian bank, yesterday reported a 25.6 per cent increase in net profits to A$170.3m (US$121m) for the six months ended March 1993.

For the whole of last year ANZ ran up net losses of A$578m following heavy provisions for bad loans.

Gross income for the first half of this year fell nearly 13 per cent to A$4.6bn but the bank is holding its dividend at 10 cents per share.

Mr Don Mercer, the chief executive officer, said the bank could look forward to doing better than the latest results.

"Nevertheless, what we have achieved is not an unreasonable result, bringing a 7 per cent return on shareholders' funds. It is also a first step back to profits after the problems of 1991-92," he said.

Net profit was helped by a reduction in the provision for bad and doubtful debts to A$377m. During the previous six months ended September 1992, provision for bad debt was A$1.2bn.

There was overall improvement in the performance of the group's divisions, with the Australian business banking operations reducing losses to A$33.5m from A$73m in the same period last year. Esanda, the financing arm, turned around from a loss of A$33.8m to a net profit of A$13.4m.

International banking suffered a slight setback, with net profit in the division declining to A$82m from A$96.4m.

Non-accrual or problem loans have fallen to A$2.73bn from A$3.53bn since the end of the financial year.

Whirlpool forms Taiwan venture

By Nikki Tait in New York

WHIRLPOOL, the largest manufacturer of major domestic appliances, yesterday announced that it was forming a marketing and distribution joint venture in Taiwan. Whirlpool will acquire a 40 per cent interest in Great Teco Trade, part of Teco Electric & Machinery. Great Teco has been a Whirlpool distributor for seven years.

The announcement is the latest in a series of moves by the US company to step up its inroads into the Asian market.

Weak krona lifts sales at Sandvik

By Christopher Brown-Humes in Stockholm

SANDVIK, the Swedish speciality steel and engineering group, stands by a prediction of improved results for 1993 following a 3 per cent rise in first-quarter profits to SKr486m (US$65.76m).

The company said the downturn in European demand was more severe than it expected but that this was offset by a further weakening of the krona. It also noted that the first-quarter trend was substantially better than in the second half of 1992.

Sales rose 27 per cent to SKr5.27bn, thanks to the weak krona, but were down 3 per cent excluding exchange rate movements. Group orders rose to SKr5.66bn from SKr4.48bn.

Last year Sandvik reported a SKr1.53bn profit, down 20 per cent on 1991's SKr1.92bn.

Minebea slips into red and suspends payouts

By Robert Thomson in Tokyo

MINEBEA, the world's leading maker of miniature bearings, reported a net loss of Y64.8bn ($581m) for the six months ended March, following a restructuring of its loss-making electronics operations.

The company, which made a Y2.1bn profit for the same period last year, said sales rose 7 per cent to Y105bn, while pre-tax profit was 4 per cent higher Y4.17bn. It will suspend dividend payments for the first time since 1965.

Minebea is now paying the price for an erratic diversification programme which included a door-to-door cosmetics company, a semiconductor business, and pig farms, all of which proved unsuccessful.

Sales of bearings and some electronics products have improved with a recovery in computer demand in the US, while the sale of NMB Semiconductor, to Nippon Steel should help to clear the balance sheet. First-half accounts included a special loss of Y54bn related to that sale.

The company is hoping that the recovery in stock prices and a recently announced government spending package will stimulate domestic capital spending, while it is benefiting from strong growth in the Chinese and other regional economies.

For the full year, Minebea is forecasting a 4.5 per cent increase in sales to Y210bn, and 3 per cent growth in pre-tax profit to Y8.5bn.

● Omron, a maker of control equipment, says pre-tax profits fell 48 per cent to Y7bn in 1992-93, compared with the previous year. Sales declined by 6.7 per cent to Y364.2bn. The company blamed restructuring efforts for the setback. It expects sales to rise slightly to Y375bn for the current year.

Creditanstalt director resigns

By Ian Rodger in Zurich

MR RUDOLF GRUBER, a leading figure in Austrian business circles, has resigned as deputy chairman and a director of Creditanstalt-Bankverein, the country's second largest bank.

Mr Gruber, who is chief executive of Energie-Versorgung Niederösterreich (EVN), an energy utility, said he had stepped down because the necessary basis of trust between directors had been broken.

The move follows criticism of his role in an abortive hostile bid two weeks ago for control of Creditanstalt from a group of Austrian co-operative banks. Mr Gruber was accused of disloyalty to his colleagues for helping prepare the bid and not advising them of it.

He said yesterday he had acted in good faith, knowing the bank and the Austrian government were looking for investors to buy out the government's controlling stake.

He said he had only acted as an intermediary between the Raiffeisen Zentralbank and the Austrian minister of finance, Mr Ferdinand Lacina. Mr Gruber said that Mr Lacina had taken the responsibility for informing Creditanstalt directors.

Mr Gruber intended only to step down as vice chairman but when two motions were put to yesterday's Creditanstalt board meeting seeking his removal, he resigned from the board as well.

● Z-Laenderbank Bank Austria, the country's largest bank, reports a 16 per cent rise in first-quarter operating profit to Sch909m.

Rhône-Poulenc US arm settles dispute

By Paul Abrahams

RHONE-POULENC Rorer, the US healthcare arm of Rhône-Poulenc of France, has settled a long-running dispute with Baxter International over the patents for the manufacture of ultra-purified Factor VIII, a product for haemophiliacs.

Under the agreement, Baxter will pay Rorer $105m for past and future sales of its Factor VIII blood-clotting product. Rorer claimed in 1991 that Baxter had infringed its patents.

Baxter receives a non-exclusive worldwide licence to manufacture the treatment, but the group has agreed not to license or transfer the technology to countries where RPR already has a patent.

Baxter has also signed a contract to supply Rorer with Factor VIII.

In February, Rorer settled a long-running dispute with Miles, Bayer of Germany's US subsidiary, over Factor VIII. Terms were not disclosed.

A dispute with Chiron over the same product is still outstanding.

● Ares-Serono, the human fertility drug specialist, reports a 7 per cent slide in operating income to US$35.4m on sales down 9 per cent to $180.6m, writes Ian Rodger from Zurich.

Mr Fabio Bertarelli, chief executive, said the industry was being affected "by a variety of economic measures which are, in part, reducing healthcare assistance to the patient".

Net income from continuing operations increased by 1.9 per cent to $16.9m or $4.51 per share. Final profit of $44.7m in the comparative period was enhanced by the $28.1m proceeds from the sale of the group's over-the-counter business.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$367.80	+10.0	$339.40	$369.15	$326.05
Silver Per troy oz	288.50p	+11.0	226.84p	297.50p	236.00p
Aluminium 99.7% (cash)	$1124.5	-5.5	$1302.75	$1236.5	$1108
Copper Grade A (cash)	£1145.0	+36.5	£1223.5	£1563.5	£1108.5
Lead(cash)	£265	+2	£286.25	£309	£262.00
Nickel (cash)	$5687.5	-312.5	$7322.5	$6340	$5687.5
Zinc SHG (cash)	$965.5	-43.0	$1375.5	$1112	$965.5
Tin (cash)	$5485.0	-112.5	$6190.0	$6047.5	$5485
Cocoa Futures (Jul)	£677	-11	£578	£751	£677
Coffee Futures (Jul)	$886	+12	$734	$985	$836
Sugar (LDP Raw)	$316.80	+13.0	$243 4	$317.4	$204.5
Barley Futures (Sep)	£106.50	-0.20	£108.20	£110.30	£106.50
Wheat Futures (Jun)	£142.50	-0.30	£125.75	£149.45	£138.85
Cotton Outlook A Index	60.65c	-.15	61.20c	62.35c	54.75c
Wool (64s Super)	378p	+36	426p	403p	340p
Oil (Brent Blend)	$18.48x	-0.36	$19.755	$19.53	$16.65

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Jul.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(May)		+ or -
Dubai	$16.02-6.06z	-.275
Brent Blend (dated)	$18.31-8.35	-.380
Brent Blend (Jul)	$18.47-8.49	-.360
W.T.I (1 pm est)	$19.82-9.84z	-.410

Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$211-213	-2
Gas Oil	$171-172	-3
Heavy Fuel Oil	$72-74	-0.5
Naphtha	$183-185	-1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)‡	$367.80	-1.35
Silver (per troy oz)‡	444.5c	-9.0
Platinum (per troy oz)	$382.50	-4.25
Palladium (per troy oz)	$118.95	-3.65
Copper (US Producer)	88.5c	+0.5
Lead (US Producer)	34.83c	
Tin (Kuala Lumpur market)	14.17r	
Tin (New York)	257.5c	-2.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	140.23p	+1.62*
Sheep (live weight)†♦	134.06p	-0.04*
Pigs (live weight)†	90.63p	-0.78*
London daily sugar (raw)	$315.8	+8.3
London daily sugar (white)	$306.7	+5.7
Tate and Lyle export price	£319.5	+5.5
Barley (English feed)	£113.0	
Maize (US No. 3 yellow)	£166.5	
Wheat (US Dark Northern)	Unq	
Rubber (Jun)♥	57.25p	-0.25
Rubber (Jul)♥	57.50p	-0.25
Rubber (KL RSS No 1 May)	208.5m	-0.5
Coconut oil (Philippines)§	$422.5y	-5.0
Palm Oil (Malaysian)§	$370.0u	-2.5
Copra (Philippines)§	$277.5	+5.0
Soyabeans (US)	£175 0u	
Cotton "A" index	60.65c	+0.05
Wooltops (64s Super)	378p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Aug/Sep u-Jun.z-July.. z-Apr/May v-May ♥London physical. §CIF Rotterdam. ‡ Bullion market close. m-Malaysian cents/kg.♦Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – London FOX ($ per tonne)

White	Close	Previous	High/Low
Aug	313.50	311.00	314.50 310.50
Oct	309.50	303.50	310.00 304.00
Dec	307.60		302.00
Mar	306.30	299.00	306.50 302.10

White 1285 (1569) Paris- White (FFr per tonne): Aug 1709.11 Oct 1693.17

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Jun	18.56	18.70	18.78 18.51
Jul	18.48	18.57	18.72 18.35
Aug	18.59	18.66	18.62 18.46
Sep	18.70	18.80	18.90 18.68
Oct	18.75	18.80	18.90 18.68
Nov	18.74		18.93 18.74
Dec	18.79	19.05	19.05 18.79
Jan	18.80	19.05	18.80 18.80
Feb	18.82	19.05	19.00 18.82
IPE Index	18.76	19.09	18.76

Turnover 45112 (50175)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jun	170.00	173.00	172.50 169.00
Jul	170.50	173.50	173.00 170.00
Aug	172.75	175.00	175.00 172.00
Sep	174.50	176.75	176.75 174.25
Oct	177.50	179.75	179.50 177.00
Nov	179.75	181.75	181.50 179.50
Dec	181.50	183.50	183.25 181.50
Jan	181.75	184.00	182.50 181.75

Turnover 19671 (16649) lots of 100 tonnes

SPICES

Muntok white pepper prices were unchanged, with spot at $1,650 a tonne, April/May delivery ay $1,550, cif, and July/August at $1,580, cif, reports Man Producten. Indian MG-1 spot was quoted at $1,200 a tonne and May/June delivery at $1,125, cif.Cloves prices were also unchanged. Madagascan spot was at $850 a tonne and shipment at $750. Brazil cloves were offered at $800 fob and Zanzibar spot at $825. Nutmegs and mace were cheaper, with BWP spot at $700 a tonne and shipment at $675, shrivels at $1,200, spot, and $950, shipment, ABCD spot at $1,300 and shipment at $1,150.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	653	653	663 652
Jul	677	683	686 673
Sep	693	699	702 689
Dec	714	717	720 710
Mar	735	736	741 732
May	748	750	755 747
Jul	761	764	769 767
Sep	774	781	780 775
Dec	798	800	805 801
Mar	819	822	825

Turnover: 4775 (9884) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 14 704.29 (701.04) 10 day average for May 13 714.40 (715.91)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
May	880	876	883 880
Jul	886	882	890 874
Sep	886	881	890 875
Nov	895	891	894 890
Jan	900	901	905 900
Mar	907	910	909

Turnover: 988 (5026) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 13 Comp. daily 52.31 (52.32) 15 day average 53.04 (52.90)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	98.6	95.9	99.0 96.1
May	103.5		103.0 100.0

Turnover 118 (39) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Oct	145.50	146.00	

Turnover - (50) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
May	1610	1605	1610 1605
Jun	1501	1488	1505 1490
Jul	1350	1340	1350 1340
Oct	1425	1422	1425 1420
Jan	1460	1451	1465 1460
BFI	1585	1581	1585

Turnover 388 (355)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	143.00	141.15	144.00 143.00
Jun	142.50	141.00	143.00 141.50
Nov	109.85	109.85	109.85 109.50
Jan	112.60	112.60	112.50 112.40
Mar	115.25	115.20	115.30 114.85
May	117.85	117.65	117.40 117.35
Barley	**Close**	**Previous**	**High/Low**
Nov	109.25		109.25
Jan	111.50		111.50

Turnover: Wheat 356 (418), Barley 17 (1).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
May	115.7	114.7	115.0 114.9
Jun	108.3	107.4	108.5 108.0
Jul	103.4		103.0
Aug	100.0		100.0
Sep	101.0	100.5	101.0

Turnover52 (5) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 38,323 lots
Cash	1124-5	1128.5-9.5		1126.5-7.0		
3 months	1147-8	1151.5-2.5	1156/1143	1148.5-9.0	1143-4	184,861 lots
Copper, Grade A (£ per tonne)						Total daily turnover 73,750 lots
Cash	1144.5-5.5	1213-4	1184	1183-8		
3 months	1164-5	1230-1	1127/1156	1210-1	1163-4	206,205 lots
Lead (£ per tonne)						Total daily turnover 3,229 lots
Cash	264.5-5.5	266.5-7.5		268-6.5		
3 months	274-4 5	276-7	276/273.5	275.5-5.75	273-3.5	20,147 lots
Nickel ($ per tonne)						Total daily turnover 10,002lots
Cash	5685-90	5890-900		5775-85		
3 months	5750-2	5955-65	6000/5690	5843-5	5775-80	50,572 lots
Tin ($ per tonne)						Total daily turnover 1,692 lots
Cash	5480-90	5560-70	5550	5540-1		
3 months	5540-5	5620-30	5620/5490	5600-5	5515-25	9,327 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 2,346 lots
Cash	985-6	999-1000	983/982	981-2		
3 months	984-5	1078-83	1021/980	1000-1000.5	980-1	63,478 lots

LME Closing £/$ rate:
SPOT: 1.5385 3 months: 1.5282 6 months: 1.5183 9 months: 1.5098

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	367.60-368.00	
Opening	366.25-366.75	
Morning fix	366.60	239.06
Afternoon fix	368.20	239.84
Day's high	368.70-369.00	
Day's low	366.00-366.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.59	6 months	2.47
2 months	2.53	12 months	2.44
3 months	2.50		

Silver fix	p/troy oz	US cts equiv
Spot	289.10	443.50
3 months	293.20	446.80
6 months	297.70	450.55
12 months	306.90	457.65

GOLD COINS

	$ price	£ equivalent
Krugerrand	365.50-368.50	239.00-241.00
Maple leaf	379.00-381.40	-
New Sovereign	87.00-90.00	57.00-60.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jun	Sep	Jun	Sep
1125	40	56	22	25
1150	27	42	34	36
1175	17	31	49	49
Copper (Grade A)	**Calls**		**Puts**	
1800	56	78	83	96
1850	38	58	115	125
1900	24	43	151	159
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
850	52	75	16	39
900	25	50	39	64
950	11	33	75	97
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
700	11	31	34	38
725	5	22	53	54
750	2	15	76	72
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	-	26	-	34
1900	6	11	4	-
1950	-	4	-	87

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	367.7	368.7	0	0
Jun	368.3	369.3	370.1	366.7
Jul	369.2	370.3	0	0
Aug	370.1	371.2	372.0	368.5
Oct	371.8	372.9	373.0	370.4
Dec	373.4	374.5	375.4	371.8
Feb	375.0	376.1	376.5	373.6
Apr	376.6	377.7	378.0	375.2
Jun	378.2	379.3	379.5	378.7

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	386.1	391.8	387.0	382.5
Oct	384.5	390.1	386.5	383.0
Jan	383.8	389.4	385.0	383.0
Apr	383.5	389.1	383.5	383.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	444.4	446.0	446.0	444.0
Jun	445.1	446.8	0	0
Jul	446.3	448.0	450.0	442.5
Sep	449.3	451.0	452.5	445.5
Dec	453.7	455.4	457.0	450.0
Jan	454.3	456.0	0	0
Mar	458.2	459.9	460.5	456.0
May	461.4	462.9	462.0	459.0
Jul	464.7	466.2	465.0	465.0
Sep	468.1	469.8	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	79.20	82.75	80 60	78.90
Jun	79.35	82.90	80.00	79.00
Jul	79.65	83.20	81.60	78.70
Aug	79.95	83.40	81.35	79.90
Sep	80.25	83.65	82.00	79.40
Oct	80.50	83.90	80.95	80.90
Nov	80.80	84.15	81.00	80.75
Dec	81.10	84.45	83.10	80.40
Jan	81.25	84.60	81.60	81.60
Feb	81.50	84.85	81.70	81.65

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	19.52	19.78	19.83	19.39
Jul	19.82	20.00	20.07	19.66
Aug	20.02	20.14	20.20	19.84
Sep	20.14	20.23	20.29	19.97
Oct	20.18	20.28	20.30	20.08
Nov	20.23	20.30	20.30	20.11
Dec	20.22	20.30	20.33	20.08
Jan	20.23	20.29	20.23	20.10
Feb	20.22	20.27	20.22	20.09
Mar	20.21	20.25	20.20	20.10

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	53.75	54.03	54.30	53.30
Jul	54.30	54.49	54.70	53.90
Aug	55.15	55.25	55.35	54.70
Sep	56.10	56.25	56.40	55.80
Oct	57.25	57.23	57.30	56.80
Nov	58.15	58.21	58.25	57.80
Dec	59.10	59.13	59.25	58.65
Jan	59.45	59.58	59.50	59.10
Feb	59.25	59.28	59.30	58.90
Mar	57.90	57.83	57.90	57.70

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	905	905	913	900
Sep	932	932	940	930
Dec	971	969	975	968
Mar	1005	1003	1010	1000
May	1028	1026	0	0
Jul	1048	1046	0	0
Sep	1070	1067	0	0
Dec	1100	1097	0	0
Mar	1135	1132	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	58.40	57.80	58.85	58.10
Jul	59.15	58.15	59.50	57.90
Sep	61.00	60.00	61.30	59.70
Dec	63.60	62.70	63.90	62.60
Mar	66.00	65.00	66.00	65.20
May	67.15	66.70	0	0
Jul	68.40	68.00	0	0
Sep	69.90	70.50	70.00	70.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	13.19	12.88	13.20	12.92
Oct	12.82	12.51	12.83	12.61
Mar	11.82	11.56	11.84	11.60
May	11.65	11.45	11.65	11.48
Jul	11.55	11.35	11.55	11.40
Oct	11.58	11.38	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	62.15	61.94	62.50	61.50
Oct	61.35	61.40	61.55	61.10
Dec	60.30	60.65	60.70	60.26
Mar	61.48	61.78	61.80	61.50
May	62.05	62.40	0	0
Jul	62.66	63.18	0	0
Oct	62.70	63.00	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	102.70	102.00	103.10	101.00
Jul	104.75	104.00	105.50	103.00
Sep	107.40	106.50	107.95	105.90
Nov	109.00	108.40	110.00	108.00
Jan	110.50	110.10	111.50	109.10
Mar	111.95	111.70	112.50	110.70
May	111.95	111.70	0	0
Jul	111.95	111.70	0	0
Sep	111.95	111.70	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

May 14	May 13	mnth ago	yr ago
1688.9	1671.2	1665.2	1598.1

DOW JONES (Base: Dec. 31 1974 = 100)

	May.13	May.12	mnth ago	yr ago
Spot	120.99	119.99	123.63	118.68
Futures	122.09	121.63	120.17	119.57

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	602/4	599/0	604/0	600/0
Jul	602/2	598/4	604/0	598/4
Aug	601/6	598/2	603/4	598/6
Sep	599/6	598/2	602/2	598/0
Nov	602/4	600/6	605/0	600/4
Jan	608/4	607/2	611/0	607/0
Mar	614/6	613/2	617/0	613/2
May	617/4	614/6	618/4	615/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	21.04	20.93	21.13	20.97
Jul	21.24	21.13	21.34	21.13
Aug	21.38	21.27	21.45	21.27
Sep	21.51	21.40	21.58	21.40
Oct	21.63	21.51	21.68	21.55
Dec	21.85	21.74	21.91	21.73
Jan	21.94	21.84	22.02	21.92
Mar	22.14	22.04	22.18	22.12

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	193.1	192.6	193.5	192.2
Jul	191.1	190.5	191.5	190.2
Aug	190.3	189.8	190.8	189.5
Sep	190.5	189.7	190.8	189.6
Oct	190.5	190.1	191.2	190.2
Dec	191.7	191.3	192.6	191.2
Jan	192.5	192.0	192.8	192.0
Mar	193.1	192.1	193.5	192.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	223/0	225/2	224/4	222/6
Jul	228/6	229/6	229/2	228/2
Sep	233/6	234/4	234/2	233/2
Dec	239/6	240/2	240/4	238/4
Mar	246/0	246/2	246/4	245/2
May	250/6	250/6	250/6	250/4
Jul	253/4	253/6	254/0	252/4
Dec	247/0	246/4	247/4	246/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	354/6	356/0	356/0	353/4
Jul	296/4	293/2	297/2	293/2
Sep	299/0	295/4	299/4	296/0
Dec	309/6	306/2	310/4	307/0
Mar	316/0	312/4	316/0	313/6
Jul	313/0	310/4	313/0	309/6

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	76.475	76.875	76.900	76.425
Aug	73.650	74.025	74.050	73.600
Oct	74.675	74.900	74.950	74.625
Dec	74.475	74.675	74.750	74.450
Feb	73.850	74.125	74.150	73.800
Apr	74.800	75.050	75.075	74.800
Jun	72.050	72.175	72.300	72.000

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	51.900	51.525	52.100	51.475
Jul	50.875	50.800	51.200	50.650
Aug	48.650	48.625	48.860	48.550
Oct	43.425	43.475	43.600	43.300
Dec	44.225	44.375	44.500	44.200
Feb	44.300	44.275	44.400	44.200
Apr	43.050	43.100	43.350	43.050
Jun	48.750	48.650	48.750	48.750

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	44.350	43.425	44.350	43.650
Jul	44.175	43.500	44.300	43.300
Aug	41.850	41.225	42.050	41.200
Feb	41.700	41.725	42.025	41.650
Mar	40.900	41.025	0	40.900
May	41.425	41.425	0	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Calm returns after realignment

TURBULENCE inside the European exchange rate mechanism subsided yesterday as the Spanish peseta and Portuguese escudo stabilised on the currency markets after their devaluations on Thursday, *writes Sandeep Deol.*

The ERM remained the focus of the market's attention, but pressures on both currencies remained slight. The Spanish currency, which was devalued by 8 per cent on Thursday, closed in London today at Pta76.11 against the D-Mark from a previous close of Pta76.33.

The Portugese escudo, which was forced into a 6.5 per cent devaluation, ended the day at Esc96.35 against the D-Mark from a previous Esc96.65.

However, some currency analysts already believe that this week's realignment will not staunch pressures on the Iberian currencies later this year.

Mr Keith Edmonds, International Economist at NatWest Markets, believes the real test of the devaluations is yet to come. He suggested that the devaluation of the peseta will prove to be "inadequate" if the Government hopes to reduce interest rates significantly. Spain yesterday reduced its short-term interest rates by 1.5 per cent, to 11.5 per cent in the wake of the devaluation.

Mr Ian Gunner, an economist at Chase Manhattan, disagreed. He expects the peseta to be well-supported at present levels, allowing further interest rate cuts.

He forecasts a 50 basis point easing in short term rates ahead of the election, and nominal rates at 10 per cent in the next few months.

The D-Mark recouped some of the ground it had lost earlier in the week following somewhat bearish comments on Thursday from the Bundesbank President, Mr Helmut Schlesinger.

He said that the Bundesbank would do all it could to maintain confidence in the D-Mark and that the central bank could not "take a sledge-hammer to German rates." This dampened hopes of a large near-term easing in German monetary policy.

As a result, the French franc finished slightly weaker yesterday at FFr3.373 per D-Mark against a previous FFr3.372. The dollar tested the DM1.61 level against the German currency after the release of mildly positive economic data. March industrial production rose 0.1 per cent, lower than forecasts for 0.2 per cent, but still showing signs of moderate growth.

The pound was sidelined by a lack of fresh news, and saw some late buying interest which allowed it to pick up more than a cent against the dollar, to close at $1.385. It was up ¼ pfennig against the D-Mark to close at DM2.4650.

£ IN NEW YORK

May 14	Latest	Previous Close
£ Spot	1.5370 - 1.5380	1.5215 1.5225
1 month	0.38 - 0.37pm	0.38 0.37pm
3 months	1.08 - 1.06pm	1.08 1.07pm
12 months	3.78 - 3.70pm	3.87 3.67pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu May 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	154.250	148.705	-3.59	4.75	83
Portuguese Escudo	192.854	187.908	-2.56	3.64	43
Irish Punt	0.808628	0.801912	-0.83	1.83	43
Dutch Guilder	2.19672	2.18763	-0.41	1.40	28
[illegible]					

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

May 14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.	Pta	Ecu
£	1	1.539	2.465	170.5	8.315	2.233	2.765	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.650	1	1.602	110.8	5.403	1.451	1.797	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.406	0.624	1	69.17	3.373	0.906	1.122	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	5.865	9.026	14.46	1000.	48.77	13.10	16.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.203	1.851	2.965	205.1	10.	2.686	3.325	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.448	0.689	1.104	76.35	3.724	1	1.238	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.362	0.557	0.892	61.68	3.007	0.808	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.442	0.680	1.089	75.34	3.674	0.987	1.222	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.510	0.788	1.258	87.03	4.245	1.140	1.411	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.870	3.033	4.857	336.0	16.38	4.400	5.448	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pta	0.533	0.820	1.314	90.88	4.432	1.190	1.474	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	0.792	1.219	1.952	135.0	6.584	1.768	2.186	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5385	1.5347	1.5277	1.5176	1.5010
D-mark	2.4650	2.4687	2.4738	2.4778	2.4757
French Fr.	8.3159	8.3296	8.3493	8.3693	8.3863
Swiss Fr	2.2325	2.2309	2.2276	2.2188	2.2008
Yen	170.50	170.10	169.31	168.15	165.94

MONEY MARKETS

Iberians ease rates

BOTH the Spanish and Portuguese central banks cut their official short-term interest rates yesterday following the devaluations of both the peseta and escudo on Thursday, *writes James Blitz.*

The Bank of Spain cut its key 10-day repo rate by 150 basis points to 11.5 per cent, while the Bank of Portugal cut its key "mop up" rate by 200 basis points from 17 per cent to 15 per cent.

UK clearing bank base lending rate 6 per cent from January 26, 1993

Both moves led to substantial cut in money market rates. Three-month interest rates in Spanish pesetas were quoted at about 7.64 per cent late yesterday, having been at 12.62 per cent late on Thursday.

In Europe, however, there was a more muted reaction, following cuts in interest rates in both France and Germany earlier in the week.

Short-dated French franc futures rose yesterday, retracing some of the bullishness about rate cuts that had been seen on Thursday, following the Bank of France's 25 basis point cut in its intervention rate.

The June French franc contract closed at 92.64 yesterday, some 7 basis points down on the day. The September French franc contract also closed at 92.34, down 6 basis points on the day.

Interest rates in the French franc cash market rose, with 3-month French francs finishing at 7.50 per cent, some 15 basis points up on the day.

In Germany, conditions in the cash market were a good deal tighter as the Bundesbank continued to withdraw funds from the money market with currency repurchase operations.

Dealers said that call money had been as high as 7.80 per cent, with a few reporting transactions as high as 8.00 per cent. This compared with a rate of 8 per cent on Thursday. The Bundesbank said on Thursday that its draining operations were aimed at correcting exaggerated market expectations about an interest rate cut.

In the sterling interbank market, the overnight rate fell to around 4 per cent after the remainder of a £1bn shortage was removed in afternoon operations.

However, 3-month money firmed, to finish the week at around 6 per cent from a previous 5 15/16 per cent. Dealers took the view that the prospect of a reduction in base rates in response to the government's political difficulties had probably diminished.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 14) 3 months US dollars: bid 3¼, offer 3⅜; 6 months US Dollars: bid 3¼, offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
116	1.38	1.88	-	0.05	0.84	-
117	0.53	1.10	-	0.16	1.01	-
118	0.09	0.64	0.88	-	1.56	-
119	0.02	0.35	-	-	-	-
120	-	0.17	-	-	-	-
Open Int	144,136	95,059	22,133	150,260	88,070	12,682

Estimated volume 43,248 † Total Open Interest 542,875

† All Yield & Open Interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday May 12, 1993	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	139,562,865	+ 1,855,042
Bankers Deposits	1,477,771,707	- 108,899,579
Reserve and other Accounts	3,765,093,848	+ 328,865,882
	5,396,981,020	+ 222,021,345
ASSETS		
Government Securities	1,234,482,132	+ 97,665,000
Advance and other Accounts	3,699,778,289	+ 231,531,214
Premises Equipment & other Secs	452,390,800	- 105,711,974
Notes	10,099,856	- 1,446,282
Coin	230,143	- 16,613
	5,396,981,020	+ 222,021,345
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,569,900,344	- 228,553,718
Notes in Banking Department	10,099,856	- 1,446,282
	16,580,000,000	- 230,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,492,615,265	- 1,141,518,463
Other Securities	8,076,369,635	+ 911,518,463
	16,580,000,000	- 230,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES- Gross: Contractual rate of interest payable not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 4.30 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ɸ Bargains done the previous day.

British Funds, etc

No. of bargains included 1952

Treasury 13¾% Stk 2000/03 - £130¾ 130½ 130¾

Exchequer 10½% Stk 2005 - £115½ 115¾ 115⅞ 115⅞ (11My93)

Corporation and County Stocks

No. of bargains included 1

Hull Corp 3½% Stk(1st Iss) - £36½

Islington Corp 11.9% Red Stk 2017 - £117½ (11My93)

Leeds(City of) 13½% Red Stk 2006 - £132 (11My93)

Manchester(City of) 11.5% Red Stk 2007 - £118½ (11My93)

Nottingham Corp 3% Stk (Irrd) - £30 (10My93)

UK Public Boards

No. of bargains included 2

Agricultural Mortgage Corp PLC 7¾% Deb Stk 91/93 - £99½ (12My93)

Port of London Authority 3% Port of London A Stk 29/99 - £78

3½% Stk 49/99 - £70 (12My93)

Foreign Stocks, Bonds, etc-(coupons payable in London)

No of bargains included 116

Greece.(Kingdom of) 5% 1914 Stlg Fdg Bds 1965 - £30 (10My93)

A.M.P.(U.K.) PLC 11½% Bds 2001 (Br £1000,10000&100000) - £114 .1 (11My93)

Abbey National Sterling Capital PLC 10⅝% Subord Gtd Bds 2002 (Br £ Var) - £107¾ (10My93)

10⅝% Subord Gtd Bds 2023 (Br £ Var) - £101⅝ ¾ (10My93)

11½% Subord Gtd Bds 2017 - £114⅝ (11My93)

Abbey National Treasury Servs PLC 5⅞% Gtd Nts 1995 (Br $Var) - $102 (11My93)

BrDM1000&10000 - DM96 8 97.3

11½% UndSubNts £1000(Cnv to Prf)Reg - £107½

11½% UndSubNts £1000(Cnv to Prf)Br - £107½ ¾

Var Rate Cap Nts 2009 (Br£10000) - £94½ 94.53 (10My93)

Nippon Telegraph and Telephone Corp 6⅜% Nts 1997 (Br $ Var) - $104½ (7My93)

6⅝% Nts 1997 (Br $Var) - $105⅝ 106.05 (7My93)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Investment Trusts

No. of bargains included 1750

USM Appendix

Rule 535(2)

Scotts Holdings PLC Ord 10p - £8.2

Select Industries PLC Ord 2½p - £0.06ɸ

New Ord 7½p(2½p Regd) - £0.03 (12My93)

Severn Valley Railway(Hldgs)PLC Ord £1 - £0.6

Shepherd Neame Ld"A" Ord £1 - £4.95 (12My93)

Southern Newspapers PLC Ord £1 - £3 3.02 (12My93)

Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.85 0⅝ (11My93)

Titaghur PLC Ord 5p - £0.14

Tracker Network PLC Ord £1 - £3.6 (7My93)

T V-am PLC Ord 5p - £0.175 (7My93)

UAPT-Infolink PLC Ord 25p - £0.32 0.32

Vetinary Drug Co PLC Ord £1 - £2.45 2.45 (7My93)

Wadworth & Co 9¾% Cum Prf £1 - £1.03ɸ

10% Cum Prf £1 - £1.1 (12My93)

Weetabix Ld"A" Non.V Ord 25p - £12.65

Yates Bros Wine Lodges PLC Ord 25p - £1½ (12My93)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv A$1.97 (12/5)
Cape Range Oil A$0.503 (12/5)
City Developments S$4.58
Dainippon Screen Mfg. Y779.35ɸ (12/5)
Futuris Corp A$1.074
Keystone International $27.75 (11/5)
Leighton Hldgs A$1.71 (11/5)
Malayan Cement M$5.13ɸ
Malayan Credit S$2.1569 (11/5)
Malaysian Plantations 20
North Borneo Timbers 70 (11/5)
North Flinders Mines 24 (10/5)
Oil Search 30 (12/5)
Portman Mining 88 (12/5)
Regal Hotels (Hldgs) 5 (10/5)
Rutgerswerke AG DM328 (11/5)
Sapphire Mines 8.5 (12/5)
Singapore Land S$4.31 (7/5)
Storer Communications $N334 (12/5)

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

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LONDON STOCK EXCHANGE

Equities easier in uncertain session

By Terry Byland,
UK Stock Market Editor

THE UK stock market rounded off a successful week yesterday with an uncertain session which left share prices little changed from the close of the previous day. London was again influenced by the New York market, easing at first following the fall in the Dow overnight but rallying towards the close when New York recovered 5 points early in its new session.

Concern over the international outlook deepened as Unilever shares reacted badly to first-quarter results which disclosed that, despite good profits overall, Europe and the US had lagged. Hopes for an early cut in UK base rates appeared to fade somewhat in spite of a steadier performance by the sterling rate index.

Traders said that a number of sizeable clients were in the market, on both sides of the trading ledgers. BT, badly hit on the previous day, recovered strongly in good turnover, reflecting in part demand for utility-type stocks from the US. Transatlantic investors have reacted sharply to fears of renewed inflation in the US economy.

This week has seen the stock market influenced strongly by stock index futures dealings, often a reflection of uncertain investment sentiment. Seaq business remained fairly high yesterday, totalling 620m shares compared with 797.6m on Thursday. Retail, or customer, business has held steady this week, Thursday's value total settling at £1.57bn. The FT-SE Index closed last night at 2,847, a net loss of 2.3 on the session after dipping to the 2,838 area in the first half of the session. Over the week, the Footsie has risen by 53.3 points or around 1.9 per cent as the political misfortunes of the UK government have been translated into hopes that these might force cuts in UK base rates.

The second line stocks, which shared less significantly in the general equity shakeout which followed the government's resounding setback in the UK county council and an important by-election, have also made ground this week.

At 3,142.3 last night, the FT-SE Mid 250 Index was 9.6 off on the day at 3,142.3. But the Mid 250 gained 1 per cent over the week and on Thursday brushed its all-time trading peak of 3,156.9.

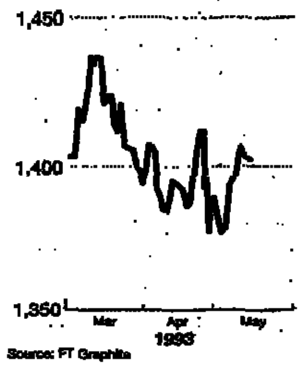
Trading volume in non-Footsie stocks, strong all week, dipped slightly yesterday to make up only 58 per cent of the day's Seaq total, compared with an average daily contribution of around 62 per cent.

Account Dealing Dates

*First Dealings:		
Apr 19	May 10	May 24
Option Declarations:		
May 6	May 20	Jun 3
Last Dealings:		
May 7	May 21	Jun 4
Account Day:		
May 17	Jun 1	Jun 14

*New time dealings may take place from 8.30am two business days earlier.

FT-A All-Share Index



Source: FT Graphite

Unilever fails to please

THE SIGNS of hesitancy in the US economic recovery and renewed fears over the vulnerability of branded products combined to undermine Unilever, which yesterday unveiled first-quarter results at the bottom of market expectations. Analysts disclosed a swathe of moderate downgrades and reported cautiously on their meetings with the company management. The shares reacted accordingly, tumbling 50 to 1064p in turnover of 3.7m.

Some observers said the disappointment was fuelled by recent positive reports from other US food groups, such as Nestlé and Procter and Gamble. Bearish sentiment also extended to growing concerns about Unilever's European market being affected by recession, an issue linked to the declining margins the group reported for that area.

BOC wanted

Chemicals group BOC was marked up in early trading ahead of half-year results next week. The firmness was maintained as several securities houses reiterated buy recommendations.

The shares recorded a net rise of 17 to 693p following recent underperformance. However, the turnover of 1.3m shares was unremarkable and most of the rise was attributed to marketmakers covering short positions following buy orders on Thursday. That squeeze on the stock was consolidated as S.G. Warburg changed its stance to hold from "long term reduce", arguing that profits could be as much as £185m after £162.7m last time, and NatWest reiterated its buy stance.

Allied tumbles

Drinks group Allied Lyons was marked back as old fears surfaced that a rights issue would accompany its results next week. Other factors also conspired to undermine the stock, including both the devaluation of the Spanish peseta and dull European results from Grand Metropolitan.

However, Mr David Thompson at Kleinwort Benson said that the devaluation would be beneficial to Allied and the rights issue story carried little credence. More cautious analysts argued that the Grand Met results – and those of other brewing groups this week – favoured a continuation of an underweight stance across the sector. Cazenove was one broker said to have reiterated its bearish stance yesterday.

Shares in Allied tumbled 14 to 545p on turnover of 3.6m. Grand Met declined 7 to 415p, Bass 9 to 525p, Scottish & Newcastle 5 to 458p and Whitbread 6½ to 481p.

After its much-publicised results on Thursday, British Telecom climbed 12¼ to 414½p in turnover of 13m. Dealers put the rise down to positive comment, together with improving sentiment ahead of the BT III campaign to sell the government's remaining stake in the company this month. The shares have also underperformed on adverse news over US competition.

High street retailer Next continued to advance, the shares adding 3 to 167½p. While a number of brokers have turned positive recently on the back of the consumer recovery, there have also been rumours that Next has been eyeing potential targets. Austin Reed, steady at 233p, was one name mentioned.

Hanson, which is set to announce flat first half profits of between £483m and £506m for the first half on Tuesday, lifted 2 to 240¼p.

Further recovery in badly hit copper prices helped RTZ, the world's biggest mining group to bounce 6 to 642p. Analysts added that the strike price for RTZ's recent enhanced scrip dividend had been met, and marketmakers were short.

The aggressive buying of Shell Transport which has surrounded the group's well-received first quarter figures on Thursday, finally abated and the shares eased 1¼ to 611p.

Zeneca, the soon to be independent bioscience arm of ICI continued friendless and the unofficial "grey" market price was marked down 12 to 636p on thin turnover. Existing ICI shares fell 16 to 1263p.

National Westminster, which is to restructure its operations in France and has announced that over the next 12 months it will pull out of retail banking there altogether, gained 7 to 469p.

Condom manufacturer London International was weak on news that the Stock Exchange had censured the group for not giving the market a revised profits forecast which it revealed to selected analysts and institutional shareholders. The shares, 10 lower the previous day, were a further penny off at 185p.

Carlton Communications rose 8 to 727p following a buy recommendation based on a trade press article which played down worries that pay-per-view cable television would hit Carlton's home video market. There was further support from S.G. Warburg which recommends the stock, arguing that the shares deserve to hit 830p within the next three months. Finally, it was announced that the Norwich Union had increased its stake to 4.04 per cent.

The Telegraph newspaper added 4 at 370p as it announced a first quarter profits up to £9.1m from £5m.

Increasingly media-biased conglomerate Pearson rose 9 to 448p as the group, which owns the *Financial Times*, gave a positive AGM statement.

Osprey Communications jumped 6½ to 32½p on news of a radical re-organisation of its business and a £1.3m one-for-three rights issue.

Publisher Euromoney lifted 35 to 1023p, following strong results on Thursday. However, more than 70 per cent of the shares are held by the Daily Mail General Trust and the price moves sharply on small turnover.

GKN fell 6 to 434p, after Hoare Govett downgraded its current-year profits forecast. Citing continued weakness in the group's European markets, Hoare cut by £16m to £124m. The broker also reiterated its cautious stance on Lucas Industries, 4 lighter at 139p.

Laird Group fell 13 to 280p after the chairman warned that operating profits would be lower than last year.

News earlier in the week that VSEL Consortium had won a contract to build a carrier for the British Navy continued to drive the shares forward and they put on another 22 to 760p.

British Airways were wanted ahead of figures on Tuesday, though talk of a rights issue lingered. The shares put on 5 to 304p, in trade of 4.3m.

MARKET REPORTERS:
Christopher Price,
Peter John,
Joel Kibazo.

■ Other statistics, Page 11

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (147).
AMERICANS (1) Tenneco, BANKS (2) Abbey Natl., Banco Santander, BREWERS (1) Wetherspoon, BLDG MATLS (6) BMSS, Blockleys, Gibbs & Dandy A, Marshalls, Meyer, Sheffield Insltns., BUSINESS SERVS (2) BNB Res., Dart, CONTG & CONSTRCN (12) Ashtead, Banner Homes, Belt Bros., CALA, Gleeson, Hewden-Stuart, McCarthy & Stone, Mowlem, Persimmon, Prowting, Tilbury Douglas, Wescol, ELECTRICALS (1) Arlen, ELECTRONICS (8) Astec (BSR), Gray Elect., Logica, ENG GEN (6) Hall, Hopkinsons, MS Intl., Mining & Allied S., VSEL Consrtm., Vosper, FOOD MANUF (1) Daniels, HOTELS & LEIS (5) Fairline Boats, Granada, Do. Pf., Harmony, Stanley, INSCE COMPOSITE (1) Topdanmark, INV TRUSTS (28) Aberforth Smllr., Abtrust New Dawn, Do. Ser. B Wrnts., Anglo & O'seas., City of Oxford, EFM Java, French Prop., Do. Wrnts., JF Fledgeling Japan, Keystone, Martin Currie Pac. Wrnts., Med. Fd., Moorgate Smlr. Co's., Murray Ent. Zero Cv. 1994, New Throg Cap., Nth. Amer. Gas, Pacific Assets Wrnts., R/T Cap., Do. 2½pc Cv. 2000, River & Merc. Smllr., St. Davids Zero Div. Pf., Second Cons., Sth. East Asian Wrnts., TR Tech. Zero Pf., Templeton Emerg. Mkts. Wrnts., Turkey, Do. Wrnts., Value & Inc., Yeoman, MEDIA (10) Anglia TV, BBB, Border TV, Euromoney, Osprey, Bluebird Toys, Dudley Jenkins, Gt. Southern, Heritage, Holders Tech., MTL & MTL FORMING (1) Cook (W), MISC (1) Bluebird Toys, MOTORS (5) Bostrom, Channel, Perry, OIL & GAS (6) Aminex, Aran Energy, BP, Bula, Hardy, Kingston, OTHER FINCL (7) BWD, Broadcastle, First Natl Fin. 7pc Pf., King & Shaxson, Natl. Home Loans, Provident Fincl., Union Discount, PACKG, PAPER & PRINTG (1) Jarvis Porter, PROP (8) Bourne End, Do. 8¾pc Pf., Bradford, Burford, Chesterfield, Markheath, Shaftesbury, Southend Stad. 5½pc Pf., STORES (6) Ashley (L), Burton, Ingham, Leeds, Parkland A, Shiloh, TEXTS (2) Parkland A, Readicut, TRANSPORT (3) Brit. Airways 9¾pc Cv., P & O 5½pc Pfd., Sea Containers, PLANTATIONS (1) Highlands, MINES (25)

NEW LOWS (29).

BRITISH FUNDS (1) Tr. 13¼pc 1993, AMERICANS (1) Houston, BREWERS (2) Allied-Lyons, Bass, BLDG MATLS (1) St. Gobain, BUSINESS SERVS (1) Rentokil, CHEMS (1) Brent, CONGLOMERATES (1) Booty, ENG GEN (2) APV, Benson, FOOD MANUF (2) Dalgety, Northumbrian, FOOD RETAILING (6) Appleby Westward, Argyll, Low (W), Sainsbury, Tesco, Do. 9pc Bd. 2005, HEALTH & HSEHOLD (4) Beecak, Brit. Bio-Tech., Reckitt & Colman, Do. 9½pc Bd., HOTELS & LEIS (2) Compass, Owners Abroad, MISC (1) Hartstone, MOTORS (1) GKN, OTHER INDLS (1) Tomkins 6¾pc Pf., PROP (1) Herring Baker H., TRANSPORT (1) Transport Dev.

EQUITY FUTURES AND OPTIONS TRADING

STOCK INDEX futures ended an active week by trading in a narrow 10-point range for most of the day in a session lacking strong features, writes Joel Kibazo.

The June contract on the FT-SE 100 started trading at 2,849 and selling in the first hour of business saw it driven down to 2,841.

June crept ahead better after that initial selling and traded around the 2,845 level for the rest of the morning. Stronger buying in the second half of the session saw the contract reach the day's high of 2,865 but buyers ran out of steam ahead of the close. The June contract closed at 2,859, around the level of its previous close but some 6 points above its estimated fair value premium to cash of about 5, with turnover reaching around 8,300 contracts.

In traded options volume was 27,986 contracts against a previous total of 34,727 lots. The FT-SE 100 option saw business of 7,747 lots and the Euro FT-SE 100 2,807. BT was the busiest stock option at 2572 followed by Asda at 1,691 lots.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	23,000	65	-½
Abbey National†	3,700	414	-1½
Albert Fisher	982	67	
Allied-Lyons†	3,600	545	-13
Amstrad	593	33	
Anglian Water†	630	479	-13
Argos	355	302½	-½
Argyll Group†	3,300	313	-1
Arjo Wiggins†	1,200	183	-1
Ass. Brit. Foods†	609	480	+2
Ass. Brit. Ports	294	415	
BAA†	985	749	-1
BAT Inds.†	1,600	888	-11
BET	2,100	101	-3
BICC	765	368	-4
BOC†	1,300	693	+17
BP†	15,000	320½	-4½
BPB Inds.	1,000	235	+1
BT†	13,000	414½	+12¼
BTR†	2,900	589½	+2½
Bank of Scotland†	1,600	137	-1
Barclays†	1,700	495	+6
Bass†	1,700	525	-9
Blue Circle†	1,900	258	+4
Booker	283	389	-2
Boots†	4,700	448	+13
Bowater†	1,300	482	-4
Brit. Aerospace	862	314	-3
British Airways†	4,300	303½	+4½
British Gas†	9,200	295	-2
British Land	509	280	-2
British Steel†	8,300	98¼	-½
Bunzl	383	132	-1
Burmah Castrol†	220	718	-4
Burton	12,000	46¾	+2
Cable & Wire.†	979	716	-2
Cadbury Schweppes†	1,000	456	+1
Calor Group	650	249	+1
Carlton Comms.†	1,200	727	+8
Coats Viyella†	394	233	-1
Comm. Union†	609	586	-2
Cookson	1,500	199	
Courtaulds†	360	549	-3

	Volume 000's	Closing Price	Day's change
Dalgety	128	433	-1
De La Rue†	419	854	-9
Dixons	747	214	-4
Eastern Elec.	320	455	-6
East Midland Elec.	598	444	-6
Eng China Clays†	287	440	+2
Enterprise Oil†	1,800	481	-6
Eurotunnel Units	61	395	+1
FKI	23	134	
Fisons†	949	170	-2
Foreign & Col. I.T.	174	223½	
Forte†	1,800	191	+2
Gen. Accident†	751	583	-6
General Elec.†	2,500	316	+3
Glaxo†	3,700	641	+6
Glynwed Intl.	2,600	309	+1
Granada†	2,300	407	+5
Grand Met.†	5,900	415	-7
GUS A†	247	1623	-5
GRE†	1,800	176	-1
GKN	2,100	434	-6
Guinness†	2,000	478	-4
HSBC (75p shs)†	4,100	614	+7
Hammerson "A"	665	301	-5
Hanson†	6,400	241½	+2
Hanson Warrants	470	34½	+¼
Harrisons Crosfield	1,800	174	+3
Hillsdown	1,400	154	
IMI	373	290	
ICI†	1,100	1263	-16
Inchcape†	2,200	698	+5
Johnson Matthey	377	478	+3
Kingfisher†	669	608	-2
Kwik Save†	1,000	778	+3
Ladbroke†	8,200	169	+6
Land Securities†	1,800	545	-6
Laporte	113	625	-3
Legal & General†	574	455	-2
Lloyds Abbey	633	438	-2
Lloyds Bank†	1,600	534	
LASMO†	1,100	152½	+½
London Elec.	121	451	-6
Lonrho	10,000	117½	-1

	Volume 000's	Closing Price	Day's change
Lucas	2,800	139	-4
MB Caradon†	454	310	
MEPC	525	418	
MFI	4,200	137	-3
Manweb	15	504	-8
Marks & Spencer†	3,300	349	+1
Midlands Elec.	594	466	-6
Morrison (Wm.)	1,200	155	-1
NFC†	1,700	246	
NatWest Bank†	3,200	489	+7
National Power†	1,200	322	-4
Next	1,800	167½	+3
North West Water†	888	498	-11
Northern Elec.	39	490	-6
Northern Foods†	2,200	350	
Norweb	587	489	-3
Pearson†	433	448	+9
P & O†	1,400	683	+5
Pilkington	1,400	139	
PowerGen†	2,000	334	-2
Prudential†	4,400	319	-2
RMC	304	715	+2
RTZ†	2,700	642	+6
Racal	379	200	-1
Rank Org.†	920	700	
Reckitt & Colman†	635	558	-7
Redland†	678	509	+1
Reed Intl.†	1,000	651	-12
Rentokil†	301	196	+1½
Reuters†	578	1286	-9
Rolls Royce	4,900	148	-1
Rothmans†	129	849	+2
Ryl Bk Scotland†	2,800	272	-1
Royal Insurance†	850	307	-1
Saatchi	157	174	-1
Sainsbury†	1,900	453	-1
Scottish & New.†	1,400	458	-5
Scot. Hydro-Elect.†	745	338	-5
Scottish Power†	3,100	308	-5
Sears†	3,700	102	
Sedgwick	639	170	
Seeboard	220	469	-9
Severn Trent Water†	1,000	481	-8

	Volume 000's	Closing Price	Day's change
Shell Transport†	3,800	611	-1½
Siebe†	2,000	458	-7
Slough Ests.	4,500	194	+4
Smith (W.H.) A	340	443	
Smith & Nephew†	3,000	143¼	-2
SmKl Beecham†	737	480	
SmKl Beecham Uts.†	841	417	+3
Smiths Inds.	1,400	396	+13
Southern Elect.†	241	450	-8
South Wales Elec.	5	514	-7
South West Water	56	500	-6
South West. Elec.	10	472	-8
Southern Water	79	480	-5
Standard Chartd.†	225	723	-1
Storehouse	282	204	-2
Sun Alliance†	2,300	339	-7
T&N	705	171	-4
TI Group†	1,100	330	-3
TSB†	3,900	181½	+½
Tarmac	2,500	137	+1
Tate & Lyle†	833	382	-1
Taylor Woodrow	1,600	108	-1
Tesco†	4,100	215½	+1
Thames Water†	1,400	497	-10
Thorn EMI†	456	897	+16
Tomkins†	10,000	223	-3
Trafalgar House	936	80	-1
Unigate	142	352	
Unilever†	3,600	1064	-40
United Biscuits†	2,100	414	-1
Utd. Newspapers	206	586	
Vodafone†	4,800	414	-5
Warburg (SG)	287	673	+15
Wellcome†	694	739	-5
Welsh Water	159	558	-9
Wessex Water	239	580	-13
Whitbread 'A'†	784	481	-6½
Williams Hldgs.†	2,200	327	-2
Willis Corroon	549	184	
Wimpey	471	180	
Wolseley	962	613	+3
Yorkshire Elec.	680	504	-5
Yorkshire Water	510	522	-11

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

FINANCIAL TIMES EQUITY INDICES

	May 14	May 13	May 12	May 11	May 10	Year ago	* High	* Low
Ordinary share	2218.4	2216.5	2231.1	2215.2	2217.8	2113.3	2299.5	2124.7
Ord. div. yield	4.19	4.20	4.16	4.19	4.18	4.34	4.52	4.07
Earning yld % full	6.21	6.22	6.26	6.31	6.30	6.13	6.38	5.79
P/E ratio net	19.88	19.85	19.78	19.63	19.66	20.47	22.04	19.40
P/E ratio nil	18.57	18.54	18.49	18.35	18.38	19.03	20.30	18.14
Gold Mines	165.1	161.5	150.1	150.7	153.8	111.4	165.1	60.0

*for 1993. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35, Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2212.7	2209.3	2211.4	2211.7	2211.1	2211.0	2213.3	2215.3	2219.3	2219.4	2208.8

Volume	May 14	May 13	May 12	May 11	May 10	Year ago
SEAQ Bargains	28,016	29,280	28,387	38,290	29,940	26,573
Equity Turnover(£m)†	-	1572.4	1744.4	1292.9	1083.3	1005.4
Equity Bargains†	-	33,502	35,031	32,776	33,013	31,394
Shares traded (ml)†	-	711.1	695.2	614.0	504.7	439.0

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday May 14 1993

Gold Mines Index	+	158.37	Motors	+	4.90
Contracting, Construction	+	32.13	Conglomerates	+	4.62
Metals & Metal Forming	+	30.97	Media	+	3.78
Merchant Banks	+	30.10	Business Services	+	3.73
Engineering-Aerospace	+	29.19	FT-A All Share	+	2.84
Property	+	25.84	Transport	+	2.10
Buildin Materials	+	23.37	FT-SE-A 350	+	2.03
FT-SE SmallCap ex Inv Tsts	+	18.01	Telephone Networks	+	1.88
FT-SE SmallCap	+	17.24	Other Groups	+	1.79
Banks	+	15.38	Water	+	1.64
Financial Group	+	14.24	Insurance (Composite)	+	1.62
Electronics	+	13.78	Other Industrials	+	1.51
Capital Goods	+	12.56	500 Share Index	+	0.80
Electricals	+	12.16	Food Manufacturing	+	0.39
Insurance (Life)	+	12.12	Insurance (Brokers)	+	0.28
Oil & Gas	+	11.79	FT-SE 100	+	0.02
Engineering-General	+	9.81	Industrials Group	-	0.44
FT-SE Mid 250	+	9.76	Stores	-	0.54
Investment Trusts	+	9.23	Hotels and Leisure	-	2.95
Packaging and Paper	+	7.07	Consumer Group	-	8.50
Chemicals	+	5.83	Brewers and Distillers	-	9.14
Textiles	+	5.52	Food Retailing	-	11.97
Electricity	+	4.99	Health & Household	-	15.62

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	09/03	113.9363	-0.466	7.52	7.50	7.43
BELGIUM		9.000	03/03	110.7030	-0.050	7.43	7.46	7.35
CANADA *		7.250	06/03	96.7000	-0.600	7.73	7.45	7.39
DENMARK		8.000	05/03	103.4000	+0.325	7.50	7.64	7.80
FRANCE	BTAN	8.000	05/98	105.6315	-0.110	6.63	6.72	6.84
	OAT	8.500	04/03	109.4500	-0.070	7.13	7.19	7.08
GERMANY		6.75	04/03	99.8350	-0.330	6.77	6.79	6.56
ITALY		11.500	03/03	96.4800	+0.100	12.49†	12.61	13.24
JAPAN	No 119	4.800	06/99	101.8744	-0.149	4.41	4.26	4.21
	No 145	5.500	03/02	106.3276	+0.063	4.50	4.20	4.20
NETHERLANDS		7.000	02/03	102.4500	-0.530	6.64	6.69	6.51
SPAIN		10.300	06/02	95.1741	+0.910	11.16	11.64	11.66
UK GILTS		7.250	03/98	100-17	-4/32	7.11	7.11	6.79
		8.000	06/03	99-12	-8/32	8.09	8.06	7.70
		9.000	10/08	104-01	-15/32	8.52	8.47	8.14
US TREASURY *		6.250	02/03	101-20	+19/32	6.03	5.94	5.81
		7.125	02/23	102-01	-10/32	6.86	6.81	6.77
ECU (French Govt)		8.000	04/03	103.1000	+0.100	7.54	7.65	7.58

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	3	57	18	132	159	87
Other Fixed Interest	0	3	12	6	17	52
Commercial, Industrial	243	294	863	1,764	1,104	4,127
Financial & Property	119	128	551	1,009	389	2,594
Oil & Gas	17	21	46	128	69	223
Plantations	1	0	7	8	1	31
Mines	39	38	62	221	111	363
Others	19	64	33	260	151	194
Totals	441	605	1,592	3,528	2,011	7,671

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2847.0 -2.3	3142.3 -9.6	1402.58 -1.71

	May 14	Day's change	May 13	May 12	May 11	year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd	1993 High	1993 Low	Since Compilation High	Since Compilation Low
[illegible]														

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	High/day	Low/day
FT-SE 100	[illegible]											
FT-SE Mid 250	[illegible]											
FT-SE-A 350	[illegible]											

FT-SE Actuaries 350 Industry Baskets

										Prev close	change
Construction	[illegible]										
Health&H	[illegible]										
Water	[illegible]										
Banks	[illegible]										

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
[illegible]								

† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap indices are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company.

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 10H Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Smith & Williamson Unit Tst Mgrs (1600)F

1 Riding House St, London W1A 3AS.

Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Life Tst Mngmt Ltd (0730)H

State Street Unit Trust Mngmt Ltd (1400)F

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court*

Gowett (John) Unit Mngmt Ltd

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd ‡

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Providence Capital Life Assoc. Co Ltd - Contd.

[illegible]

Scottish Amicable

[illegible]

Sun Alliance Group - Contd.

[illegible]

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

[illegible]

Royal Skandia Life Assurance Ltd - Contd.

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

Butterfield Fund Mngrs (Guernsey) Ltd

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

Lazard Fund Managers (CI) Ltd

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

J. Rothschild International Assce plc - Contd.

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Standard Bank Fund Mgmt (Jersey) Ltd						
PO Box 583, St Helier, Jersey CI 0534 67557						
Intl. Bond (Daily)	5¼	$-	15.75	16.69		4.61
Sterling Bond (Daily)	5¼	£-	9.787	10.73	-0.01	7.70
Sterling Cap (Daily)		£-	42.31	42.33	+0.01	5.73
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey						
TSB Offshore Investment Fund Ltd 0534 73494						
Stg Deposit Class	3	101.85	101.85xd	104.91	+0.02	5.00
Gilt & Fixed Interest	3	115.94	115.94xd	120.20	-0.84	7.70
Blue Chip & Gilt Edged	5	58.38	58.38xd	62.50	-0.29	3.85
International Bond	5	133.18	133.18xd	140.65	-0.28	5.08
UK Equity	5	247.00	254.13xd	267.51	-1.40	1.29
International Equity	5	171.78	174.30xd	183.47	-0.73	0.38
Far Eastern	5	158.82	169.04	177.40	+0.01	0.00
European	5	120.86	121.44	127.84	+0.86	0.00
Pan American	5	318.74	321.81	338.85	-5.34	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	104.88	104.88xd	108.28	-0.10	7.70
Monthly Share	3	103.48	103.48xd	106.65	-0.10	7.36

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Asian Selection Funds				
China	$9.565	9.878	-0.158	0.0
Hong Kong	$29.243	30.782	+0.622	0.4
Indonesia	$9.289	9.757	+0.072	0.0
Korea	$10.910	11.484	+0.021	0.0
Malaysia	$19.012	14.660	+0.098	0.0
Philippines	$17.455	18.374	+0.047	0.0
Singapore	$12.690	13.358	+0.039	0.0
Thailand	$20.282	21.349	+0.233	0.0
South East Asia	$25.144	26.467	+0.315	0.0
US Dollar Liquidity	$9.596	10.034		0.9
Dalar Allen Investment Management (CI)				
CA Gilt Income	£5.85	6.12xd		10.34
CA Equity Gwth	£4.58	4.97		2.21
Citibank (CI) Ltd "Citifunds"				
Short Term Investment Funds				
Irish £ May 13	134.6218		+0.639	-
Equity Funds				
Japan Equity May 13	$3.7887		-0.329	-
US Em Mkts May 17	$21.0538		-0.198	-
US Em Tech May 17	$24.3325		+0.198	-
Chicago May 17	$32.3457		-0.300	-
Bond Funds				
HYB (A) May 17	$94138.715		+31.578	-
Special Assets (B) May 4	FFr11423.463		+47.980	-

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Barclays Inv Funds (Luxembourg)						
41 Avenue de la Gare L-1611 010 352 404344						
Equity Funds						
European Equity $	5¼	D-	0.904	0.962		0.3
Intl Equity $	5¼	£-	1.403	1.492	-0.007	0.5
North Am Eqty $	5¼	$-	33.63	35.78	-0.09	0.3
Pacific Eq $	4½	£-	6.266	6.665	-0.03	0.5
UK Equity $	3¼	£-	1.086	1.156	-0.007	2.8
Bond Fund						
International Bond $	3½	$-	98.32	102.60	-0.09	5.6
CMI Asset Management (Luxembourg) SA						
203 route d'Arlon, L-1150 Lux 010 352 458025						
CMI Managed Portfolio Investment Company (u)						
Safeguard Portfolio	F	£-	1.234	1.314	-0.00	-
Growth Portfolio	F	£-	1.105	1.177	-0.00	-
Enterprise Portfolio	F	£-	1.057	1.128	-0.011	-
CMI Global Network Fund (u)						
Australasian Equity		A$-	12.969		-0.040	-
Benelux Equity		Dfl-	21.174		-0.132	-
Canadian Equity		C$-	8.992		-0.005	-
SE Asia Equity		$-	13.314		-0.022	0.95
French Equity		FFr-	56.541		-0.788	0.94
German Equity		DM-	17.922		-0.042	-
Iberian Equity		Pta-	744		+16	0.01
Irish Equity		I£-	4.334		-0.007	-
Italian Equity		L-	7728		-21	-
Japanese Equity		Y-	1388		-1	-
Nordic Equity		SKr-	45.045		-0.253	-
Swiss Equity		SFr-	19.827		-0.128	-
UK Equity		£-	6.542		-0.030	1.11
US Equity		$-	73.511		-0.256	0.95
Japan Index Tracking		Y-	804		-3	-
UK Eqty Index Tracking		£-	6.168		-0.030	2.73
US Eqty Index Tracking		$-	12.160		-0.271	1.18
German Bond		DM-	23.056		-0.256	6.20
Japanese Bond		Y-	1049		-1	4.19
Swiss Bond		SFr-	22.324			4.38
UK Bond		£-	8.295		+0.058	8.11
US Bond		$-	11.949		-0.023	6.09
Stg Currency Reserve		£-	5.048xd		+0.002	7.18
US Dlr Currency Reserve		$-	10.037xd		+0.001	2.07
Commercial Union Luxembourg SA (u)						
41 Ave de la Gare L-1611 010 352 402820261						
Commercial Union Privilege Portfolio						
Equity Funds						
Monthly Income		£-	1.0737	1.1422		8.9
Private Client Mgd		£-	1.1890	1.2649	-0.01	-
Far Eastern Gwth		$-	2.0303	2.1600	-0.008	-
American Gwth		$-	2.2828	2.4285	-0.021	-
European Gwth		Ecu-	1.8265	1.9431	-0.006	-
Japanese Gwth		Y-	146	155	-1	-
UK Growth		£-	1.0609	1.1499	-0.01	-
Italian Gwth		L-	1513	1610	-13	-
Spanish Gwth		Pta-	168	179	+6	-

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3 pm)

CANADA (3 pm)

AUSTRIA

FRANCE

GERMANY (continued)

NETHERLANDS

SWEDEN (continued)

BELGIUM/LUXEMBOURG

SWITZERLAND

NORWAY

DENMARK

ITALY

SPAIN

SOUTH AFRICA

FINLAND

GERMANY

JAPAN

AUSTRALIA (continued)

HONG KONG

MALAYSIA

SINGAPORE

INDICES

NEW YORK

DOW JONES	May 13	May 12	May 11	May 10	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3447.89	3482.31	3468.75	3443.28	3482.31 (12/5)	3241.95 (20/1)	3482.31 (12/5/93)	41.22 (2/7/32)
Home Bonds	107.37	107.55	107.52	107.55	107.67 (7/5)	103.49 (11/1)	501.97 (27/4/93)	54.99 (1/10/81)
Transport	1582.76	1589.41	1570.48	1589.87	1683.98 (16/4)	1453.84 (4/1)	1683.98 (16/4/93)	12.32 (8/7/32)
Utilities	235.60	238.95	239.98	240.92	247.68 (16/4)	217.14 (8/1)	247.68 (16/4/93)	10.50 (8/4/32)

DJ Indl. Day's High 3489.74 (3501.69) Low 3428.89 (3441.07) (Theoretical♣)
Day's High 3481.76 (3483.14) Low 3447.71 (3458.51) (Actual♣)

STANDARD AND POOR'S

	May 13	May 12	May 11	May 10	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	439.23	444.80	444.36	442.80	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials¶	505.04	511.26	510.32	509.27	524.99 (10/3)	496.48 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	42.43	43.39	43.52	42.93	46.67 (13/4)	39.89 (8/1)	46.67 (13/4/93)	8.64 (1/10/74)
NYSE Composite	243.27	246.06	245.88	245.03	251.36 (10/3)	236.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	427.91	428.43	427.25	426.69	428.43 (12/5)	395.84 (8/1)	428.43 (12/5/93)	29.31 (9/12/72)
NASDAQ Composite	675.64	681.69	683.06	682.82	708.85 (4/2)	645.87 (26/4)	708.85 (4/2/93)	54.87 (31/10/72)

	May 7	Apr 30	Apr 23	year ago (approx.)
Dow Industrial Div. Yield	3.04	3.04	3.01	2.77
	May 12	May 5	Apr 28	year ago (approx.)
S & P Industrial div. yield	2.52	2.52	2.58	2.61
S & P Indl. P/E ratio	26.25	26.22	25.77	23.29

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Royal Dutch	13,434,100	93½	+ 2½
Campbell R	5,368,700	⅞	+ ⅜
Homestake	5,239,600	17⅞	+ ⅝
Battle Mount	5,118,300	8⅜	+ ⅛
Amer Barr	3,940,300	23	+ ⅞
Wal-Mart	3,754,400	28¼	- ¼
Placer Dom	3,635,700	18¼	+ ⅛
Philip Morris	3,406,100	50¼	+ ¼
Sunshine Min	3,321,300	1⅞	+ ¼
RJR Nabisco	3,038,100	6	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	May 13	May 12	May 11
New York SE	289.656	254.543	218.456
Amex	30.582	24.740	21.506
NASDAQ	262.525	246.375	223.266
NYSE			
Issues Traded	2,529	2,532	2,525
Rises	609	942	1,062
Falls	1,406	946	860
Unchanged	514	644	603
New Highs	73	87	92
New Lows	14	15	14

CANADA

TORONTO	May 13	May 12	May 11	May 10	1993 HIGH	1993 LOW
Metals & Minerals	2931.40	2874.90	2843.89	2855.91	2972.25 (9/2)	2743.31 (21/1)
Composite	3801.34	3798.52	3780.32	3778.53	3801.34 (13/5)	3275.80 (21/1)
MONTREAL Portfolio	1879.28	1877.46	1888.84	1873.53	1890.04 (6/5)	1720.67 (21/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♣ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation. ♣ Correction.

	May 14	May 13	May 12	May 11	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1696.5	1694.4	1695.7	1687.4	1710.10 (26/4)	1495.00 (13/1)
All Mining (1/1/80)	746.8	723.0	714.8	707.7	745.80 (14/5)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	329.52	328.80	324.44	321.77	357.78 (9/3)	300.26 (14/1)
Traded Index (2/1/91)	790.65	789.02	777.18	769.13	860.17 (5/3)	712.05 (15/1)
BELGIUM						
BEL20 (1/1/91)	1215.00	1219.78	1201.04	1190.78	1289.11 (7/4)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	305.06	303.82	304.34	302.93	305.06 (14/5)	261.90 (4/1)
FINLAND						
HEX General (28/12/90)	1164.9	1164.6	1172.2	1171.8	1221.30 (7/5)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	512.77	515.65	510.04	512.21	547.37 (30/3)	471.24 (13/1)
CAC 40 (31/12/87)	1846.70	1879.93	1872.67	1854.52	2035.81 (30/3)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	644.75	648.25	642.26	635.55	675.70 (10/3)	598.92 (14/1)
Commerzbank (1/12/53)	1829.10	1894.10	1822.30	1802.90	1908.10 (10/3)	1694.30 (14/1)
DAX (30/12/87)	1634.51	1639.79	1629.46	1616.15	1717.40 (11/3)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7005.29	7108.76	7002.60	6841.97	7108.76 (13/5)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1541.68	1560.55	1543.31	1522.93	1591.74 (16/4)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	538.99	540.44	534.09	531.82	547.25 (27/4)	446.33 (6/1)
MIB General (4/1/93)	1189.0	1193.0	1179.0	1174.0	1209.00 (27/4)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20474.15	20532.78	20615.20	20940.37	21054.71 (10/5)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1605.71	1611.06	1608.94	1635.83	1639.05 (10/5)	1250.06 (25/1)
2nd Section (4/1/68)	2292.96	2285.81	2280.75	2264.34	2292.98 (14/5)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	720.00	716.04	712.67	710.99	720.00 (14/5)	614.28 (13/1)
NETHERLANDS						
CBS Tl.Rtn.Gen.(End 1983)	331.9	333.4	331.1	329.2	333.40 (13/5)	295.70 (4/1)
CBS All Shr (End 1983)	218.3	221.6	220.7	219.6	223.50 (19/4)	196.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	814.60	811.94	811.63	810.36	827.94 (8/5)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1604.73	1598.19	1605.71	1607.61	1654.39 (6/5)	1270.66 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	455.23	453.55	450.39	444.86	455.23 (14/5)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1662.0¶	1636.0	1444.0	1430.0	1662.00 (14/5)	776.00 (5/1)
JSE Industrial (28/9/78)	4425.0¶	4449.0	4405.0	4379.0	4645.00 (10/2)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	707.01	710.61	700.06	701.36	737.59 (22/4)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	253.89	251.81	241.86	242.21	253.89 (14/5)	215.80 (4/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1081.50	1072.10	1081.70	1082.30	1081.70 (12/5)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	977.2	979.4	978.7	980.3	980.30 (11/5)	904.80 (11/1)
SBC General (1/4/87)	746.6	749.3	748.8	749.1	749.30 (13/5)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	4575.80	4684.58	4718.29	4678.51	5013.39 (7/4)	3069.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	891.39	877.32	865.65	850.35	988.44 (25/1)	828.10 (4/5)
WORLD						
M.S. Capital Intl.(1/1/70) $	554.6*	555.0	558.0	560.0	565.30 (5/3)	488.60 (13/1)
Euro Top-100 (26/6/90)	964.13	968.46	964.19	955.69	968.47 (22/4)	862.73 (13/1)

**Saturday May 8: Taiwan Weighted Price; 4,678.14, Korea Comp Ex. 703.86.
¶ Subject to official recalculation.

*Calculated at 16.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 20 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

WORLD STOCK MARKETS

AMERICA

Dow restrained by economic concerns

Wall Street

US stock markets settled down yesterday after Thursday's big declines, but continued worries about inflation and the economy kept gains to a minimum across the board, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 3.04 at 3,451.03. The *more broadly* based Standard & Poor's 500 was up 0.3 at 439.26, while the Amex composite was was down 1.11 at 426.80, and the Nasdaq composite was up 0.21 at 675.85. Volume on the NYSE was 145m shares by 1 pm.

Prices opened flat as the markets digested the latest economic news – a 0.1 per cent increase in April industrial production.

The rise was slightly below expectations, and fuelled fears that the economy is not growing fast enough to provide *momentum for* corporate earnings.

Investors were also still considering the implications of this week's bad inflation news. Their greatest concern was that rising inflation might force the Federal Reserve to increase interest rates, a move that could make already expensive equities look even less attractive.

Equities were supported, however, by a stabilisation in bond prices, which held their ground yesterday after two days of big declines. By early *afternoon*, the benchmark 30-year bond was unchanged at 102¼, and the yield was at 6.951 per cent.

Among individual stocks, banks, which fell sharply on Thursday, were again weak on fears of higher interest rates. Citicorp fell $⅝ to $26⅞, Chemical gave up $⅝ at $36⅞, Banc One eased $1⅛ to $51⅞, Chase Manhattan *dropped* $⅞ *to* $29⅛, Wells Fargo slipped $2⅞ to $101⅞ and Nationsbank fell $1⅞ to $46¼, all in heavy trading.

Some leading Dow stocks, however, more than held their own. AT & T firmed $1 to $54⅞, Coca-Cola rose $⅜ to $39½, Boeing put on $½ at $40 and Allied Signal rose $⅝ to $64¼.

Drug stocks were higher as a group, with Merck putting on $⅜ at $37⅞, Pfizer adding $1 at $69⅝, Bristol-Myers Squibb $¼ higher at $59⅝ and Johnson & Johnson rising $⅝ to $43.

On the *American Stock* Exchange, Andrea Electronics jumped $7⅞ to $66⅝ after the company was given a positive *mention* in a national newspaper column.

On the Nasdaq market, the composite index was lifted by a strong gain in Intel, which firmed $1 to $98¼ in volume of more than 1m shares.

Millicom rose $1 to $10½ in busy trading after the company agreed to a merger with its international affiliate, Millicom International Cellular.

Canada

TORONTO saw a 1½ per cent *midsession decline in its gold* and silver stocks index as profit-taking took over from Thursday's surge of enthusiasm over *rising bullion* prices. The TSE-300 index rose 4.04 to 3,805.38, supported mainly by gains in financial services where the sector index rose 27.08 to 2,872.73.

Chicago returns to its 19th century origins

The Midwest has had its day, writes **Laurie Morse**

The Midwest Stock Exchange will go back to its 19th century roots and re-assume the name "Chicago" this summer, after a 45-year hiatus which has seen *America's second-largest* stock exchange decline in stature and in focus.

Its newly-installed chief executive, *Mr* Homer Livingston, believes that the name "Chicago Stock Exchange" more precisely locates the exchange in the minds of international investors, and will associate his regional market with the innovative reputations of Chicago's derivatives exchanges. "Nobody really knows where the Midwest is," says Mr Livingston. "Chicago is an international financial centre and as the second oldest exchange in Chicago (after the Chicago Board of Trade), we are an integral part of this community."

Geography and sentiment aside, the new name will also go a long way to put some distance between the stock exchange, and an embarrasing scandal for which it paid $2m in fines last year to the Securities and Exchange Commission. *However, it will do* little to address the critical issues which are vital to the MSE's survival. Organised in 1882 to trade securities in local railroads, banks and energy companies, the MSE now trades in many of the same stocks as the New York and American Stock Exchanges.

It survives by taking over-*flow orders from New York*, specialising in block trades and competing with the NYSE by offering lower prices, faster executions, and better service. Its niche is a thin one, and threatens to be eroded by technology and lower-priced competitors.

The MSE, along with other established US securities *exchanges, is in a fierce battle* for market share with privately operated over-the-counter exchanges. Relative newcomers like the New York-based Bernard L. Madoff Investment Securities have managed in the last five years to capture 10 per cent of the volume in New York stock exchange-listed stocks, at the expense of the NYSE, MSE, and other regional exchanges. Known as the Third Market, *over-the-counter exchanges* have entrepreneurial ownership and operate with much lower overheads than traditional member-owned exchanges. They are also subject to far fewer federal regulations, and frequently generate business by paying their brokerage house customers for orders, a controversial practice under scrutiny by the SEC.

The exchange survives by *taking* overflow orders from New York, specialising in block trades and competing with the NYSE. But its niche is a thin one and is threatened by technology and lower-priced competitors.

In the last five years the MSE has seen its share of trading in NYSE-listed stocks drop *from 9.74 per cent to* 7.92 per cent, while NASD-cleared market share rose to 10.10 per cent, from 2.91 per cent. The NYSE's share of trading in its own stocks dropped to 66.88 per cent, from 72.99 per cent.

Mr Livingston, who arrived at the exchange in January after a 25-year career in banking, has attacked the competi-*tion head-on. In April the MSE* slashed its trading fees, offered to match NYSE and Amex prices on limit trades, and will help its members, known as specialists, pay for orders.

The exchange cannot force its tradition-bound members to adopt aggressive attitudes, but it has been putting competitive pressure on them by publicis-*ing the specialists which are* offering new services.

One month is hardly a test, but the new strategy appeared to succeed in April. After seeing volume decline by 4 per cent in the first quarter, the MSE's turnover jumped by 8 per cent in April to 275m shares. It remains to be seen if the improvement can be sustained, and if the higher volumes can be translated into higher profits.

The exchange is at a crucial juncture. Members' equity dropped to $20.4m last year, from $26.3m the year before, after a $10mn property write-down and a one-time accounting charge turned a $3m operating profit into a $5.8m loss.

Volume, at 2.97bn shares in 1992, was the second-best on record. Seat prices also began to edge up last year, topping $40,000 for the first time in four years, but remaining well below the 1987 high of $107,000.

The improvement, analysts say, is evidence that member and customer confidence is returning following the SEC *settlement over improper* accounting practices by two of its affiliates, Midwest Clearing and Midwest Securities.

The subsidiaries, the SEC said, had, over a period of a decade, improperly retained interest earnings on the deposits of the brokers who did business with them. In a settlement last year, the Midwest *paid the $2m fine and agreed to* jettison its long-time outside auditors and overhaul its administrative staff.

As part of the blood-letting Mr John Weithers, the longstanding MSE chairman, departed and Mr Livingston, a graduate of Princeton and of the Univer-*sity of Chicago Law School*, was hired to turn the exchange around.

Although this is his first foray into the securities business, Mr Livingston appears well suited for the job, having earned a reputation in Chicago as a bank rescue artist.

His business strategy for the exchange is simple. "We are *going to provide cheaper*, faster order delivery," he says. In the long run, however, he admits that the MSE's competitiveness will hinge on having a more level regulatory playing field between private and SEC-regulated exchanges.

EUROPE

Paris weakens on devaluation of peseta

FURTHER consideration of the Spanish devaluation moved Paris as a whole, and individual sectors in Madrid, *writes Our Markets Staff.*

PARIS weakened in realisation that the devaluation of the peseta will have a serious impact on exports, given that *Spain is one its largest trading* partners. The CAC-40 index lost 28.19 or 1.5 per cent to 1,851.74, for a decline of 1.4 per cent on the week. Turnover was FFr2.8bn.

There was also a weakening of the franc *yesterday, making* it less likely that the government will be able to make additional rate cuts independently of Germany. Further evidence that the economy is sliding deeper into recession, and a fresh batch of weak first quarter corporate sales figures left most analyst believing that the outlook for equities is bleak.

Hoare Govett, in its latest strategy paper, comments that the market is looking vulnerable for a number of reasons: these include the likely rise in demand for investment funds as a result of forthcoming pri-*vatisations, the rising budget* deficit and potential rights issues.

Carrefour and Promodes, both exposed to Spain, lost FFr14 and FFr16 respectively to FFr2,615 and FFr740.

MADRID extended Thursday's devaluation gains, Repsol putting on another Pta145, or 4.6 per cent to Pta3,285 as the general index closed 2.08 higher at 253.09, up 4.9 per cent on the week. *Turnover eased* from Thursday's record Pta65bn, but stayed very high at Pta42.3bn.

Profit-taking appeared late in the day and, in a mixed banking sector, Argentaria, Santander and Popular dropped Pta80 to Pta4,430, Pta50 to Pta5,620 and Pta550 to Pta14,600 respectively.

However, there was general strength in utilities where, said Mr Peter Stevens of BZW in Madrid, investors who worried on Thursday about the effect of devaluation on the sector's foreign debt consoled themselves yesterday with the thought that interest rates will be a lot lower in a year's time. Sevillana rose Pta40 to Pta450, and Iberdrola Pta30 to Pta717.

FRANKFURT's DAX index bounced off a low of 1,629.57 after news of the compromise agreement which has ended the east German metalworkers' strike, but still closed 5.28 *lower at 1,634.51, up 1.4 per* cent on the week.

Turnover eased from DM6.6bn to DM6.3bn. Conflict in the car sector saw BMW, ex a DM12.50 dividend, fall a net DM6 to DM456.50 and Volkswa-*gen lose another DM3.50 to* DM318.50, but Daimler rise DM6.10 to DM564.40.

There was *talk* of a *sell* recommendation for VW from one broker while, in Düsseldorf, Mr Eckhard Frahm of Merck Finck noted that the company still topped the DAX performance list with a gain of *31.5 per cent this year.*

Daimler had a presentation in Zurich on Thursday night and, apparently, is sticking to earlier forecasts of profits down by a third this year; Mr Bob Barber of James Capel, frankly surprised that the shares went up, said that Capel expects Daimler's earnings to be down by two-thirds in 1993.

ZURICH ended a shade higher on strength in chemicals, the SMI index rising 3.3 to 2,186.0, up 1.0 per cent on the week, as Ciba registered led active stocks with a gain of SFr9 to SFr626.

Brown Boveri produced the main results of the day. Mr Frederick Hasslauer of Swiss *Volksbank in Zurich said that* they were at the lower end of expectations. The bearers fell only SFr2 to SFr808, but this followed the drop from a high of SFr837 earlier this week.

AMSTERDAM was disap-*pointed at Unilever which* came in with first quarter figures below expectations. The shares weakened Fl 6.20 to *Fl 196.30. The CBS Tendency* index lost 0.6 to 107.5, barely changed on the week.

Sentiment was also unsettled by a report from the ING bank forecasting that manufacturing, transport and building *companies, whose export* potential has been weakening recently because of the strength of the guilder, could show an average 10 per cent fall in 1993 profits.

MILAN saw some profit-taking on the last day of the account although Stet managed a solid rise, fixing up L105 or 3.7 per cent higher at L2,939, for a rise on the week of nearly 12 per cent. The telecommunications group has been supported by overseas interest, a positive profits forecast and renewed talk about a strategic alliance with an international operator. The Comit index slipped 1.45 to 538.99, slightly *lower on the week.*

STOCKHOLM rallied in the afternoon on interest rate hopes, the Affärsvärlden gen-*eral index finishing 9.40 higher* at 1,081.50, 1.2 per cent up on the week. Ericsson B finished unchanged at SKr300 after an early fall to SKr293, the late recovery following a forecast of "substantially" higher 1993 net profits.

ISTANBUL fell back following recent strong gains with a decline in the 75-share index of *73.3 to 8,276.01.*

Among the losers Eregli slipped TL50 to TL1,350.

FT-SE Actuaries Share Indices

May 14 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1148.43	1149.13	1148.37	1148.17	1149.48	1148.39	1148.99	1148.21
FT-SE Eurotrack 200	1212.06	1212.64	1212.32	1212.89	1212.50	1212.51	1213.62	1212.97

	May 13	May 12	May 11	May 10	May 7
FT-SE Eurotrack 100	1155.16	1148.06	1140.44	1142.74	1142.41
FT-SE Eurotrack 200	1219.59	1215.04	1206.03	1203.54	1200.34

Base value 1000 (26/10/90) High/day: 100 - 1149.63; 200 - 1213.68 Low/day: 100 - 1147.37 200 - 1211.26

SOUTH AFRICA

GOLD shares remained the *feature of the day as investors* again expected the bullion price to break the $370 an ounce barrier. The index improved 26 to 1,662, a week's gain of 12 per cent.The overall index added 18 to 3,906 while industrials lost 24 to 4,425.

ASIA PACIFIC

Gold price rise lifts Manila and Australia

Tokyo

ARBITRAGE selling erased early gains and pushed equities into negative territory for the fourth consecutive session, *writes Wayne Aponte in Tokyo.*

The 225-issue average lost 82.42 to 20,474.15, up 0.7 per *cent on the week*, after reaching a day's high of 20,670.52 and a low of 20,401.67. The Topix index of all first section issues lost 5.35 to 1,605.71 and, in London, the ISE/Nikkei 50 index rose 3.47 to 1,241.80.

Volume was estimated at 550m shares traded compared to 559m the previous day. Declines led advances by 620 to 402, with 165 issues unchanged.

Turnover on the first section of the Tokyo stock exchange should decrease in the coming week, with investors becoming cautious as more companies release their results for the *year to March.*

Some brokers said that prices are likely to consolidate further on profit-taking and on *the use of futures contracts* as a hedge against major discrepancies between company forecasts and their pre-tax profit results.

Real *estate* shares lost ground in reaction to below-average earnings results. Mitsubishi Estate, a leading housing company, dropped Y20 to Y1,120, after recently announcing a 21.7 per cent decline in pre-tax profits for the year to March. Mitsui Fudosan shed Y20 to Y1,380.

In Osaka, the OSE average *ended* 98.11 *lower* at 22,790.47, in volume of 26.7m shares.

Roundup

THERE were mixed performances from the regions markets yesterday.

MANILA gained ground as mining shares were lifted by the stronger world gold price. The composite *index ended 8.54* higher at *1,604.73*, but down 3 per cent on the week. Combined turnover rose to 556m pesos from 471m pesos.

Manila Electric's B shares gained 2.50 pesos to 322.50 pesos in turnover of 28m pesos.

AUSTRALIA was also supported by the rise in gold with the All Ordinaries index up 4.1 at 1,698.5, a week's improvement of 0.7 per cent, in turnover of A$358.6m.

The gold index soared 103.6 to 1752.0.

Among the *miners Placer* Pacific rose 30 cents to A$2.57, Newcrest Mining jumped 23 cents to A$3.55 and North Flinders Mines soared 38 cents to A$9.78.

ANZ shares fell 5 cents to A$3.60 after it announced slightly lower than expected net profit figures.

HONG KONG was sharply lower on *profit-taking and* pre-weekend position squaring following a *three-day* rally. The Hang Seng index tumbled 103.47 to 7,005.29, a week's rise of 3 per cent.

Turnover eased to HK$3bn *from* Thursday's HK$7.5bn.

Property stocks were among the biggest fallers with Hongkong Land down 30 cents to *HK$15.20.*

SINGAPORE staged a strong rebound from earlier profit-taking to close at a new record high for the second straight day. The Straits Times industrial index ended up 4.68 at 1,863.39, gaining 5 per cent on the week. Turnover rose to S$633m from S$553m.

KUALA LUMPUR rose on strong buying of blue-chips, *with the composite index end*ing at a new record high as it put on 1.96 to 720.00, a gain of 1.1 per cent. Turnover was 724m shares against 652m on Thursday.

Idris Hydraulic surged 26 cents to M$3.48 on rumours that it had secured a timber concession in China.

BOMBAY improved on *reports that this year's mon*soon would be normal. The BSE index advanced 70.00 to 2,357.52.

BANGKOK was stronger for the fourth straight, although late-profit taking eroded some of the earlier gains. The SET index gained 4.07 to 881.39, up 4.2 per cent on the week, in turnover of Bt5.7bn.

Construction material groups led the advance: Siam Cement jumped Bt14 to Bt440 and Siam City Cement by *Bt6.50 to Bt74.*

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the *Institute of Actuaries* and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	THURSDAY MAY 13 1993: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY MAY 12 1993: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1993 High	1993 Low	Year ago (approx)
Australia (68)	136.74	-0.1	132.90	96.51	114.78	129.24	-0.4	3.84	136.91	132.36	96.54	114.70	129.76	144.19	117.39	152.00
Austria (18)	142.10	+1.0	138.10	100.29	119.27	119.22	+1.3	1.77	140.64	135.97	99.17	117.83	117.70	150.96	131.16	166.69
Belgium (42)	146.69	+0.8	142.57	103.52	123.13	120.10	+1.0	4.72	145.49	140.66	102.58	121.90	118.94	156.76	131.19	143.95
Canada (109)	127.06	+0.1	123.49	89.67	106.65	117.13	+0.0	2.82	126.89	122.67	89.47	106.30	117.10	127.86	111.41	126.92
Denmark (33)	221.60	-0.1	215.37	156.40	186.01	187.77	+0.2	1.20	221.90	214.53	156.47	185.91	187.42	225.64	185.11	242.94
Finland (23)	92.25	-1.1	89.85	65.11	77.43	107.74	-0.5	1.14	93.27	90.17	65.77	78.14	108.24	100.43	65.50	82.92
France (98)	154.85	+0.1	150.49	109.28	129.97	132.26	+0.3	3.40	154.71	149.56	109.06	129.81	131.84	167.36	142.72	184.77
Germany (62)	112.16	+0.5	109.00	79.17	94.14	94.14	+0.7	2.24	111.61	107.91	78.71	93.51	93.51	117.10	101.59	120.96
Hong Kong (55)	287.60	+1.2	279.51	202.97	241.41	285.42	+1.2	3.23	284.14	274.71	200.35	238.07	282.05	287.80	218.82	238.51
Ireland (15)	164.12	+1.7	159.51	115.83	137.76	153.51	+2.0	3.40	161.35	155.99	113.77	135.18	150.46	170.40	129.28	161.58
Italy (73)	69.22	+1.4	67.27	48.85	58.10	76.87	+1.6	2.56	68.25	65.99	48.12	57.18	75.70	70.58	53.78	68.88
Japan (470)	142.85	+0.0	138.84	100.82	119.92	100.82	+0.1	0.83	142.89	138.14	100.75	119.73	100.75	146.85	100.75	105.32
Malaysia (69)	327.48	+0.8	318.27	231.11	274.87	323.83	+0.7	2.08	324.98	314.19	229.14	272.27	321.60	327.48	251.68	237.79
Mexico (18)	1466.00	-1.5	1424.77	1034.64	1230.53	5015.32	-1.6	1.35	1488.42	1439.01	1049.52	1247.02	5098.53	1725.81	1410.30	1633.43
Netherland (24)	169.51	+0.4	164.74	119.63	142.28	140.15	+0.6	3.95	168.87	163.26	119.07	141.48	139.35	172.75	150.39	159.10
New Zealand (13)	47.45	+0.1	46.12	33.49	39.83	46.29	+0.0	4.75	47.41	45.84	33.43	39.72	46.30	49.32	40.56	46.44
Norway (22)	158.95	-0.5	154.48	112.18	133.42	147.78	+0.0	1.79	159.74	154.44	112.64	133.84	147.71	166.21	137.71	188.92
Singapore (38)	247.69	+1.1	240.72	174.81	207.90	184.28	+1.0	1.83	245.03	236.90	172.78	205.29	182.42	247.69	207.04	217.00
South Africa (60)	189.99	+6.2	184.64	134.08	159.47	195.17	+4.2	2.58	178.92	172.98	126.16	149.90	187.32	189.99	144.72	247.99
Spain (46)	127.80	+0.3	124.01	90.05	107.10	119.48	+4.7	4.99	127.25	123.02	89.73	106.61	114.14	132.82	115.23	159.60
Sweden (36)	176.21	-0.5	171.26	124.37	147.91	192.78	-0.8	1.75	177.06	171.18	124.85	148.34	194.42	177.74	149.70	195.62
Switzerland (55)	121.16	+0.0	117.75	85.51	101.71	109.51	-0.3	1.98	121.14	117.11	85.42	101.50	109.80	123.58	108.91	106.92
United Kingdom (218)	176.30	-0.8	171.34	124.41	147.97	171.34	-0.3	4.01	177.80	171.90	125.36	148.95	171.90	181.99	162.00	197.82
USA (519)	179.44	-1.3	174.40	126.65	150.63	179.44	-1.3	2.85	181.78	175.75	128.19	152.31	181.78	186.27	175.38	168.40
Europe (765)	144.84	-0.2	140.76	102.22	121.58	132.80	+0.3	3.35	145.06	140.24	102.29	121.54	132.43	149.02	133.92	154.78
Nordic (114)	166.28	-0.5	161.60	117.35	139.57	160.22	-0.5	1.56	167.04	161.50	117.79	139.95	161.02	169.44	142.13	183.06
Pacific Basin (713)	146.91	+0.1	142.77	103.68	123.31	107.17	+0.1	1.11	146.82	141.94	103.53	123.01	107.04	150.03	105.89	111.27
Euro-Pacific (1478)	145.94	+0.0	141.84	102.99	122.49	118.18	+0.2	2.02	145.98	141.13	102.93	122.30	117.96	148.94	117.26	128.90
North America (628)	176.18	-1.2	171.22	124.35	147.90	175.20	-1.2	2.85	178.36	172.44	125.78	149.46	177.38	182.38	171.51	165.80
Europe Ex. UK (547)	125.32	+0.3	121.80	88.46	105.21	111.10	+0.7	2.90	124.91	120.77	88.10	104.68	110.33	128.65	112.51	129.30
Pacific Ex. Japan (243)	187.02	+0.7	181.78	132.01	156.99	170.71	+0.6	3.18	185.77	179.80	131.01	155.65	169.77	187.02	152.70	169.97
World Ex. US (1665)	146.54	+0.1	142.42	103.43	123.01	120.22	+0.2	2.04	146.46	141.60	103.28	122.71	119.95	149.39	118.51	131.13
World Ex. UK (1966)	154.69	-0.4	150.33	109.17	129.85	135.25	-0.4	2.16	155.34	150.18	109.54	130.16	135.74	157.19	134.22	137.51
World Ex. So. Af. (2124)	156.46	-0.5	152.06	110.44	131.34	138.08	-0.4	2.35	157.29	152.06	110.92	131.79	138.62	156.98	137.29	142.01
World Ex. Japan (1714)	165.68	-0.7	161.02	116.94	139.09	159.35	-0.5	3.02	166.78	161.24	117.81	139.75	160.23	168.09	157.47	163.75
The World Index (2184)	156.59	-0.5	152.18	110.52	131.44	138.55	-0.4	2.35	157.32	152.09	110.93	131.81	139.05	159.07	137.32	142.71

Latest prices were *unavailable* for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 12½pc 1993‡‡	101⅛	—	103⅛	101⅛	12.36	5.64
Funding 6pc 1993‡‡	100	—	100¼	99⅝	6.00	5.87
Treas 13¼pc 1993‡‡	104⅛xd	-1/16	108⅜	104⅛	13.21	5.62
8½pc 1994	101⅝	—	102⅜	101⅞	8.34	5.73
14½pc 1994‡‡	106⅝	-1/16	109¼	106⅜	13.59	5.76
Exch 13½pc 1994	107⅛	—	109⅛	107⅛	12.61	5.77
Treas 10pc Ln 1994‡‡	104⅛xd	-1/16	105⅝	104⅛	9.60	5.98
Exch 12¼pc 1994	107⅝	-1/16	110⅛	107⅝	11.69	6.09
Treas 9pc 1994‡‡	104⅛	-1/16	105⅝	103⅝	8.65	6.15
12pc 1995	109⅛	-⅛	111⅜	108⅛	11.00	6.28
Exch 3pc Gas 90-95	95⅛	—	96⅛	94	3.13	5.38
10¼pc 1995	107¼	-⅛	108⅝	107⅛	9.51	6.42
Treas 12¾pc 1995‡‡	114⅛	-⅛	116⅞	113⅝	11.17	6.52
14pc 1996	117⅜	-⅛	120⅛	117⅛	11.93	6.82
15¼pc 1996‡‡	121⅝	-⅛	125⅝	121⅝	12.51	6.95
Exch 13¼pc 1996‡‡	116⅝	-1/16	120⅛	116½	11.34	6.95
Conversion 10pc 1996	109¼	-⅛	111½	108⅞	9.15	6.98
Treas 13¼pc 1997‡‡	119⅛	-⅛	122⅛	118⅝	11.11	7.21
Exch 10½pc 1997	110⅝	-⅛	113⅞	110⅛	9.48	7.15
Treas 8¾pc 1997‡‡	105⅞	-⅛	108⅝	105½	8.26	7.14
Exch 15pc 1997	128⅛	-⅛	132⅝	128⅛	11.70	7.43
9¾pc 1998	109⅛	-⅛	112⅞	109⅛	8.91	7.34
Five to Fifteen Years						
Treas 7¼pc 1998‡‡	100⅛	-1/16	103¼	99⅝	7.21	7.12
7¼pc 1998 A‡‡	50⅛	-⅛	51⅛	49⅝	7.22	7.18
Treas 6¾pc 1995-98‡‡	98⅛	-⅛	101	97⅝	6.86	7.12
15½pc '98‡‡	133⅝	-⅛	138⅝	133⅝	11.57	7.66
Exch 12pc 1998	118⅝xd	-⅛	122⅞	118⅛	10.10	7.74
Treas 9½pc 1999‡‡	108⅛	-⅛	112½	108⅛	8.74	7.58
Exch 12¼pc 1999	120⅝	-⅛	124⅝	120⅛	10.17	7.83
Treas 10½pc 1999	113⅛xd	-⅛	117⅝	112⅝	9.27	7.89
Conversion 10¼pc 1999	112¼xd	-⅛	117⅝	112⅛	9.09	7.73
9pc 2000‡‡	108⅝	-⅛	110⅝	106	8.41	7.67
Treas 13pc 2000	128⅛	-⅛	131	125⅛	10.28	8.10
10pc 2001	111⅝	-⅛	115⅝	109⅝	8.98	8.01
14pc '98-1	125⅝xd	-⅛	129⅛	125⅛	11.16	7.78
9¾pc 2002	110⅛	-⅛	114⅝	108⅛	8.84	8.15
8pc 2003‡‡	98⅛xd	-⅛	103⅝	97⅝	8.06	8.09

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
10pc 2003	111⅝	-⅛	116⅛	109⅝	8.94	8.27
Treas 11½pc 2001-4	118¼	-⅛	122⅛	116⅞	9.73	8.29
Funding 3½pc '99-4	69⅝	-⅛	74⅝	67⅝	5.00	7.53
Conversion 9½pc 2004	107⅝	-⅛	112⅜	105⅞	8.81	8.43
9½pc 2005	107⅝	-⅛	112⅝	105⅞	8.81	8.44
Treas 12½pc 2003-5	126⅝xd	-⅛	131¼	124⅛	9.88	8.62
8pc 2002-6‡‡	97⅛	-⅛	101⅛	94⅛	8.24	8.40
Treas 11¾pc 2003-7	120⅝	-⅛	125⅝	118⅝	9.74	8.58
Treas 8½pc 2007 ‡‡	100⅛	-¼	104¼	97⅛	8.49	8.49
8½pc 2007 B‡‡	100⅛	-¼	104⅛	98⅛	8.50	8.50
13½pc '04-8	133⅞	-⅛	139⅛	131⅛	10.08	8.63
Over Fifteen Years						
Treas 9pc 2008 ‡‡	104⅛	-¼	108⅝	101¼	8.64	8.52
8pc 2009	95⅝	-⅛	99¼	92⅛	8.37	8.56
Conv 9pc Ln 2011 ‡‡	103⅝	-⅛	108⅛	100½	8.68	8.60
9pc 2011 C‡‡	103⅝	-⅛	107⅝	94¼	8.69	8.61
Treas 9pc 2012‡‡	103⅝	-⅛	108⅛	100⅛	8.68	8.60
Treas 5½pc 2008-12‡‡	73⅝	-⅛	76⅝	70¼	7.50	8.29
7¾pc 2012-15‡‡	92⅛	-⅛	97⅝	89⅝	8.41	8.55
Exch 12pc '13-'17	130xd	-⅛	135⅝	125⅝	9.23	8.82
Treas 8pc 2013(£50pd)‡‡	44⅛	—	47¼	43⅝	8.48	8.62
Treas 8¾pc 2017‡‡	101⅛	-⅛	105⅝	97⅛	8.65	8.64
Undated						
Consols 4pc	46⅛	—	48⅛	43⅛	8.63	-
War Loan 3½pc‡‡	40⅝xd	-⅛	42⅛	38⅛	8.66	-
Conv 3½pc '61 Aft	61⅝	-1/16	63	60⅞	5.66	-
Treas 3pc '66 Aft	34⅞	—	36⅛	33½	8.60	-
Consols 2½pc	30	-⅛	31⅛	28⅛	8.33	-
Treas. 2½pc	29½	-1/16	30⅛	27⅝	8.60	-

BRITISH FUNDS - Cont.

Index-Linked Notes (b)	Price £	+ or -	1993 high	1993 low	Yield (1)	Yield (2)
Treas. 2pc '94 (102.9)	133⅛	+⅛	133⅛	131⅛	-	1.00
2pc '96‡ (67.9)	195⅛	+⅛	197⅛	194⅝	2.09	2.73
4⅝pc '98‡‡ (135.6)	107⅛	+⅛	109⅛	105⅛	2.46	3.02
2½pc '01 (78.3)	163⅛	-1/16	166⅛	159	2.93	3.26
2½pc '03 (78.8)	160⅛xd	—	163⅛	155	3.03	3.30
4⅝pc '04‡‡ (135.6)	109⅛	—	111⅛	105½	3.16	3.43
2pc '06 (69.5)	167⅛	—	170⅛	159¼	3.14	3.35
2½pc '09 (78.8)	151xd	—	154⅛	144	3.34	3.52
2½pc '11 (74.6)	156⅛	—	159⅝	148⅝	3.41	3.58
2½pc '13 (89.2)	127⅛	—	131⅛	122⅛	3.48	3.63
2½pc '16 (81.6)	135⅛	—	139⅝	130⅝	3.54	3.69
2½pc '20 (83.0)	129⅝	—	133⅝	124⅝	3.59	3.72
2½pc '24‡‡ (97.7)	107⅛	—	111⅛	102⅛	3.62	3.74
4⅛pc '30‡‡ (135.1)	107⅛	—	111⅝	103⅛	3.64	3.76

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to January 1987. Conversion factor 3.945. RPI for August 1992: 138.9 and for March 1993: 139.3.

OTHER FIXED INTEREST

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	119⅝	-⅛	123⅛	115⅞	9.28	8.82
Asian Dev 10¼pc 2009	112⅛	-¼	116⅝	108⅝	9.13	8.78
B'ham 11½pc 2012	118	—	123	114	9.75	9.46
Ireland Cap 8½pc '10	106	—	109½	95	8.02	-
5pc Cap 1996	105½	—	105⅞	97½	8.83	-
13pc '97-2	119	—	119⅛	110	10.92	-
Hydro Quebec 15pc 2011	143⅛	-⅛	149⅝	139⅛	10.49	9.85
Leeds 13½pc 2006	131½	—	135¼	128	10.27	9.34
Liverpool 3½pc Irred	36	—	37	34	9.72	-
LCC 3pc '20 Aft	32½	—	32⅛	30½	9.23	-
Manchester 11½pc 2007	117½	—	120¼	114	9.79	9.28
Met. Wtr. 3pc 'B'	64⅝	—	66	63¼	4.64	8.28
Welsh Anglia 3⅞pc 2021	124⅛	—	126⅛	117½	-	4.71
4⅛pc IL 2024	121½	—	124½	115½	-	4.59
Utd Mex States 16½pc 2008	134½	—	138	132¼	12.27*	11.85

Continued on next page

PARBELUX FINANCE S.A.

DKK 300.000.000 10.5% 01.07.1987 - 01.07.1993

EXTRACT OF THE MINUTES OF THE GENERAL MEETING OF NOTEHOLDERS HELD ON 30TH APRIL 1993

The meeting adopted the proposed resolution mentioned in the notice of *meeting, to insert the new "Substitution"* article in the Terms and Conditions of the issue.

For certified copy:
PARBELUX FINANCE S.A.

PARBELUX FINANCE S.A.

DKK 300.000.000 10.5% 01.07.1987 - 01.07.1993

In accordance with the Terms and Conditions, the noteholders are informed that further to the issuer's contribution of its assets and liabilities to PARBELUX FINANCE S.A. incorporated on the 30th of April 1993, this company has assumed all the rights and obligations of the above mentioned note, without novation.

The Guarantor, BANQUE PARIBAS BELGIQUE, continues to guarantee the notes until their maturity dates. All other guarantees remain unchanged without novation.

BANQUE PARIBAS BELGIQUE S.A. PARBELUX FINANCE S.A.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price $	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		17¼xd	-⅝	20½	15¹³⁄₁₆	14,436	2.5
Allegheny & W.	♥	904p	+10	671p	399p	281.9	3.7
Amdahl		342p	-11	591p	302½p	394.1	0.9
Amer Cyanamid		33⅛	-⅝	39⅝	31¼	3,009	3.1
Amer Express		18xd	-¾	18½	14⅞	8,804	3.5
Amer T & T		35½xd	-⅞	40⅞	33¼	47,211	2.3
Ameritech		47¼	-1¼	62¼	46	20,887	4.9
BankAmerica		29⅞xd	-¹¹⁄₁₆	38¹⁄₁₆	27¹³⁄₁₆	10,414	2.9
Bankers NY		46¹⁄₁₆xd	-⅜	51¼	42⅝	3,887	4.3
Bell Atlantic		34	-¼	39⅛	32¼	14,718	5.0
BellSouth		33⅛	-1⅛	39⅞	32⅞	16,487	5.3
Bethlehem Steel	♥	13⁷⁄₁₆xd	-⅛	13¼	10	1,216	-
Bowater		1432pxd	+13	1682p	1335p	518.9	1.8
CPC		28⁷⁄₁₆xd	-½	34⅝	26	4,307	2.8
Cadiz Land Inc	♥	77½p	----	115p	53p	-	-
California Engy		1358p	---	1479p	1086p	247.2	-
Chase Manhattan		19¼xd	-¾	24½	17⅞	3,082	3.9
Chrysler		27⅞xd	-½	28⅝	21¼	9,089	1.4
Citicorp		18⅛xd	-½	20⁷⁄₁₆	13⁷⁄₁₆	6,625	-
Colgate-Palm		39¾xd	-⅝	45⅝	35¼	6,348	2.0
Cont'l Bank		1354p	-36	1877p	1278p	1,570	2.4
Dana		32⅛xd	-½	34⅞	29¹³⁄₁₆	1,475	3.2
Data General		643p	+20	851p	593p	177.4	-
Decora Inds	♥	138p	+10	146p	109p	-	-
Dun & Brad		38¾	-¾	42⅞	37⅛	6,906	4.0
Eaton		65½	-1¼	59⅝	50⅝	1,824	2.5
Echlin		16½xd	+⅛	18⅞	15¹⁄₁₆	945.7	2.7
FPL		24⅞xd	-⅜	27⅝	23¼	4,530	6.2
Ford Motor		35⅞xd	-⁷⁄₁₆	38¹⁄₁₆	28⁷⁄₁₆	17,811	1.8
Gen Elect		60⅛xd	-⅛	62⅞	53⅞	51,582	2.6
General Host	♥	580p	-5	723p	580p	-	3.8
Gillette		34½xd	+⅛	42⅝	31½	7,581	1.5
Hasbro		20⅞	---	20⅞	20⅞	1,819	0.7
Honeywell		22¼xd	-¹³⁄₁₆	24⅞	20¹³⁄₁₆	3,109	2.5
Houston Inds		29	-⅝	33¾	29	3,755	6.5
Ingersoll-Rand		21¹³⁄₁₆xd	-¹⁄₁₆	25	19⅞	2,291	2.0
Lockheed		41⅛	-⅞	42⅞	35⅛	2,623	3.2
Loew's	h	2067p	+8	2339p	1573p	1,508	0.9
Merrill Lynch		45⁷⁄₁₆xd	-¹³⁄₁₆	50¹³⁄₁₆	37	4,682	1.7
Morgan (JP)		43⅝xd	-1	48½	38¾	8,359	3.6
Morris (Philip)		33¼xd	+⅞	52⅝	28¹³⁄₁₆	30,585	3.3
NYNEX		53⅞	-1	64⅛	53	11,127	5.4
Pall		12½xd	-½	16	11	1,447	1.6
Pennzoil		41⅝xd	-1½	43⅛	31¹³⁄₁₆	1,885	4.5
Quaker Oats		45½xd	-⅛	48⅛	39⁷⁄₁₆	3,280	2.7
Rockwell		20⅝xd	-¼	22¹³⁄₁₆	18⁷⁄₁₆	4,523	3.0
Rep NY		31¼xd	-⅞	37⁵⁄₁₆	29¼	1,867	2.1
Sears, Roebuck		35¼xd	-⅝	37⁷⁄₁₆	28⁷⁄₁₆	12,171	2.9
Sthwestern Bell		48⅛	-¾	62½	46¾	14,731	3.7
Sun Co		16⁷⁄₁₆xd	+⁷⁄₁₆	21⅛	14¼	1,760	6.8
Tenneco		33½xd	+⅛	33½	25½	5,853	3.0
Texaco		41⅜xd	-⅛	44¼	37⅛	10,802	4.8
Time Warner	h	21¹³⁄₁₆xd	-¹⁄₁₆	25⁷⁄₁₆	18⅝	8,150	0.8
Unitab	♥	415p	+13	450p	358p	189.0	-
US West		28⅝	-⅞	30¾	24⅛	11,138	5.0
Varity		2010p	-90	2280p	1696p	807.8	-
Waste Manage		20¹³⁄₁₆xd	+⅛	27⁷⁄₁₆	19¾	10,238	1.6
Whirlpool		3567pxd	-78	3720p	2824p	2,486	2.2
Woolworth	♥	18⁹⁄₁₆	----	21½	18⁷⁄₁₆	2,483	3.7

CANADIANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbot Energy	♥	2p	----	2p	2p	-	-
Amer Barrick		1477p	-66	1543p	890½p	4,198	0.5
Bk Montreal	h	12⅝	-⅛	13¼	11⅞	3,132	4.4
Bk Nova Scot		1272p	-13	1428p	1111p	2,641	4.4
BC Gas	♥	780p	-1	847p	723p	-	3.8
BCE		22⅝	-⅛	26⅛	20⅝	6,929	5.8
Brascan	♥	584p	-26	721p	454p	489.0	9.2
Breakwater	♥	13½p	+2½	18½p	10p	8.75	-
Can Imp Bk		1477p	-21	1618p	1228p	2,787	4.5
Can Pacific		1042p	-4	1082p	810p	3,323	1.5
4pc Deb		42	---	42	38	19.6	9.5
Denison	♥	216p	+3	281p	194p	-	6.5
Echo Bay	♥	716p	-33	749p	265p	753.0	0.6
Gulf Can	♥	250pxd	...	256p	147p	396.6	-
Hawker Sid	♥	12	---	12	10⅛	98.4	4.5
Hudson's Bay	♥	1847p	-13	1895p	1435p	551.7	2.2
Imperial Oil	♥	24¼xd	-¼	28½	20⅝	4,700	3.7
Inco		14¾xd	+⅛	17⅞	13⅞	1,608	1.7
Nova Corp Alberta		465pxd	+8	516p	432p	1,394	2.6
Rio Algom	♥	920p	+3	1096p	830p	402.4	3.3
Royal Bk Can		1425p	-28	1492p	1125p	4,472	4.1
TVX Gold	♥	243p	-2	245p	129½p	39.4	-
Toronto-Dom		801p	-29	946p	753p	2,712	4.2
Trans Can Ppe	♥	952p	-42	1028p	847p	1,868	5.5

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. *Highs and lows are based on intra-day mid- prices.*

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ *Not officially UK listed; dealings permitted under rule 535(4)(a)*
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ∥ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, *p/e based on* previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on *prospectus or other* official estimates for 1994-95
G Assumed yield after pending scrip and/or rights issue
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for *1992.*
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed
W Pro forma figures
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution

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FINANCIAL TIMES
Weekend May 15/May 16 1993

Tokyo agrees with Oslo that scientific evidence supports resumption

Norway to defy ban on whaling

By Karen Fossli in Oslo and Robert Thomson in Tokyo

NORWAY said yesterday it would resume commercial whaling within the next few weeks in defiance of a decision by the International Whaling Commission to maintain the ban.

The UK and other nations opposed to commercial whaling had claimed victory yesterday at the IWC's annual meeting in Kyoto, Japan. But both Japan and Norway claim that scientific evidence supports resumed whaling.

Last night the European Community criticised Norway for its plan to resume whaling. "We have international laws and regulations and . . . these should be observed by everybody concerned," said EC environment commissioner Yannis Paleokrassas. He also repeated the Commission's view that whaling would complicate Norway's bid to join the EC.

Mrs Gro Harlem Brundtland, Norway's prime minister, said yesterday whaling would resume by the end of this month or in June. She criticised the IWC, established five decades ago to maintain a balance between harvesting and protection of whales, but said Norway would not leave the organisation. It said quotas for traditional coastal whaling would be set next week.

She said that the IWC's decision not to support Norway's intention to resume whaling further undermined its credibility as an international organisation for natural resource management: "The meeting in the IWC has confirmed there exists a scientific basis to harvest the north-east Atlantic minke whale at a sustainable level."

Mr Jan Henry T Olsen, the fisheries minister, said that, unless the growth of minke whale stocks was controlled, they would consume the fish on which endangered species depended.

Nations in favour of the ban argue that a relaxation could set in motion a pattern of commercial catches that would seriously threaten the whale population, which has been severely depleted by large-scale harvesting since the IWC was formed in 1946.

Japan also complained that the IWC had become "a body to protect the rights of whales" and ignored a scientific report citing no reason to ban limited quotas.

Mr Kazuo Shima, head of Japan's delegation, said the outcome of the five-day meeting in Kyoto was "deplorable" as "the efforts of the scientists were wasted".

Both Japan and Norway hinted they might pull out in the next year unless whaling was allowed.

Countries in favour of maintaining the commercial ban, introduced in 1982 and effective from 1987, were pleased that little progress was made on a management plan which would pave the way for small commercial quotas of minke whales in the north Atlantic and in the waters around Antarctica.

Culture clash, Page 9

CD prices prompt inquiry by MMC

By Michael Skapinker, Leisure Industries Correspondent

THE UK music industry is to be investigated by the Monopolies and Mergers Commission after Sir Bryan Carsberg, director general of fair trading, said yesterday he was not satisfied with explanations given for the high price of compact discs.

Sir Bryan said he particularly wanted the commission to investigate whether copyright law was being used to restrict or prevent competition. The law allows music companies to prevent the import of CDs by retailers or independent distributors.

The decision comes two days after a House of Commons national heritage committee report which said that while it had "found no evidence of formal or overt collusion, it considers that the major record companies and the retailers are effectively cartels, and indeed partly interlocking cartels."

Sir Bryan told the committee's hearings last month that he thought the music industry merited further investigation even though Sir Gordon Borrie, his predecessor, had said last year that CD prices reflected what consumers were willing to pay.

Sir Bryan said yesterday that evidence given to the committee and its subsequent report had confirmed his view that an MMC inquiry was needed. He added: "Compact disc prices remain relatively high when compared with the cost of other formats and with prices in the US. I have not been satisfied by the arguments put forward to explain this phenomenon."

The Consumers' Association, which has campaigned for lower CD prices for years, welcomed the announcement.

Music companies, which had been resigned to an inquiry, said that they welcomed the opportunity to put their case to the commission, saying they thought it would be more objective than the heritage committee and its chairman, Labour MP Mr Gerald Kaufman.

Mr John Deacon, director general of the British Phonographic Industry, which represents UK music companies, said: "We are confident we will be able to demonstrate the remarkable value of the British music industry to this country, both commercially and creatively.

Following the blatantly prejudiced attitude of the Kaufman committee towards this industry we will now take opportunity to put our case to unbiased professionals who have a reputation for impartiality."

Foreign secretary Douglas Hurd, who is outgoing president of the European Council of Ministers, relaxes with Willy Claes, Belgian deputy prime minister, during a ministerial meeting in Strasbourg

Major tries to calm panic in Conservative ranks

Continued from Page 1

nomic interests were linked inextricably to maintaining its influence in Europe. Instead of "principled opposition" to Europe, he wanted to "hear more in the future about principled support for Europe".

Mr Major said that, alongside economic recovery, improvements in public services, the widening of individual choice, providing the "best education possible" in schools and a new war against crime would dominate the government's agenda.

Alison Smith writes: Earlier, Mr John Smith, the Labour leader, attacked Mr Major's administration as the weakest and most incompetent government in living memory. "They simply lurch from one catastrophe to the next, leaving chaos and dismay in their wake," he told the Fire Brigades Union at Bridlington. "Public tolerance of the government is ebbing with the speed of a rip-tide."

London exchange cracks down on briefings

Continued from Page 1

The exchange said that both the information the board wanted disclosed, as well as the unauthorised information, should have been sent first to the exchange's announcement office. It added, though, that there was no evidence of insider dealing.

Under exchange rules, companies are meant to release all material and price-sensitive information through the announcements office. This means all investors receive information at the same time and prevents a false market.

Analysts involved in the case said the profit warning concerned LIG's photo processing division, which they said was difficult to assess because of seasonal factors like Christmas. The only way to judge the division's performance, and therefore LIG's total profits, was from hints by the company, analysts said.

Delors in talks with Kohl ahead of Danish referendum

By Lionel Barber in Brussels

MR JACQUES Delors, president of the European Commission, has paid a discreet visit to Bonn for talks with Chancellor Helmut Kohl, just five days before the Danish referendum on the Maastricht treaty on Tuesday.

EC officials described the talks as a routine diplomatic exchange to prepare for the EC summit in Copenhagen next month, but the low-profile trip suggests both sides are keen to co-ordinate their positions in the event of a Danish No vote.

Opinion polls in Denmark yesterday showed the Yes vote strengthening its lead slightly, although surveys failed to predict the narrow result against the treaty in last June's referendum which triggered a wave of devaluations in the European exchange rate mechanism.

A poll by Gallup Spain also indicated that the pro-Maastricht campaign might be persuading more people to vote. The poll showed 50 per cent of those surveyed voting Yes, 32 per cent No, 13 per cent are undecided and 5 per cent unwilling to vote.

Senior EC officials this week expressed confidence that the Danes would approve Maastricht and said there was no Brussels blueprint for dealing with a No vote. "There would be lots of recrimination, a wailing and gnashing of teeth," said one EC Commissioner, "but after the dust settled people would look carefully at what they could do."

Key EC personnel, including senior legal staff, have however been told to be on stand-by to fly to Rome to attend the previously scheduled meeting of EC foreign ministers on Wednesday. The following day, Chancellor Kohl is due to meet Prime Minister Felipe González of Spain in either Aachen or Bonn.

Mr Delors, who was travelling in Italy yesterday, was due to return to Brussels this weekend. He has remained studiously aloof from the Danish referendum campaign, acknowledging that attempts to swing the vote in favour of a Yes would almost certainly backfire.

Mr Delors' talks with Chancellor Kohl are believed to have covered the European economy and the poor outlook for growth. The Commission president wants to make the Community's "growth package" as well as a broad discussion about the unemployment crisis in Europe a centrepiece of the Copenhagen summit.

Good times predicted, Page 2

THE LEX COLUMN

North Atlantic drift

Volatility on Wall Street has frayed nerves in London over the past few weeks, and with good reason. Equity markets around the world have leaped to discount earnings recoveries unusually rapidly in the current cycle. That is partly because of large falls in nominal short-term interest rates, which have encouraged money into shares. But there is a danger of markets getting ahead of themselves. The US is leading the recovery, so if valuations there are excessive, there is plenty for the rest of the world to worry about.

By some measures – most notably yield – US shares are expensive. Ratings are also high but reported earnings have been heavily depressed by write-offs and may be as much as 25 per cent below the true operating figure. Those write-offs are helping cut costs and, combined with investment, reduce the threat of renewed inflation. US equities are not cheap, but they are not as expensive as they may appear. What would turn the equity market decisively would be a sharp move up in bond yields. Fortunately, that still looks some way off, and the threat of a heavy fall on Wall Street is limited.

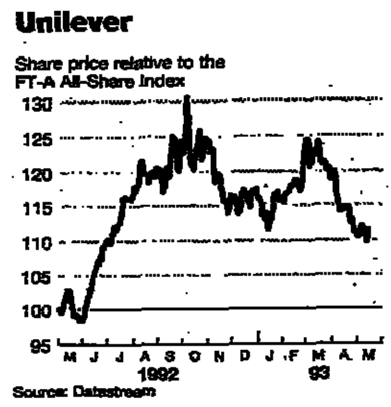
That should offer some reassurance to UK equities. There is, however, little reason to expect a further substantial rally soon. An earnings recovery is well discounted and the risk is of disappointing economic news before the next corporate reporting season in September. To alleviate the boredom, some will doubtless consider moving from recovery stocks which have come too far to sectors such as stores which are nearer to consumers and have been left behind in the rush.

London International

London International Group should know perfectly well that the fact that everyone else is at it is no excuse for not taking precautions. Since, for once, it had firm evidence to go on, the stock exchange was right to censure it for selective dissemination of information. Companies such as LIG may like to prepare the market for disappointing news, but it is difficult to defend a procedure that gave 13 analysts and four institutions an advantage over the rest of the market. If that is common practice, as LIG claims, it is only because such clear infringements of the exchange's rules are difficult to prove.

The exchange seems inclined to try harder after the Tipbook insider controversy and the Thorold Mackie case in Scotland. If it is interested in the integrity of its markets, the City should wish it luck. Tomkins showed this week that extensive disclosure still leaves a role for analysts. Its statement on the integration of RHM may have been mainly designed to boost its share price, but it was also a good example of how private briefing can be combined with public information. While wielding a bigger stick, the exchange should be sure to encourage this approach. Otherwise companies may end up disclosing even less.

FT-SE Index: 2847.0 (-2.3)



Unilever

The market has developed something of an allergy to branded consumer goods manufacturers due to the fuss surrounding Marlboro's swingeing price cuts. Having already sneezed, Unilever's shares fell a further 4 per cent yesterday following first-quarter results. Pre-tax profits of £420m were towards the bottom end of expectations. But increased competition, making life sticky for Unilever's Ragu pasta sources in the US, stirred up anxieties about brand strengths.

The market, though, is in danger of generalising from the particular. In Marlboro's case, Philip Morris let its prices grow way out of line with discount brands. Ragu suffered as big rivals grew nasty trying to enter a market Unilever had largely created.

The encroachments of private label will undoubtedly mean brand manufacturers are going to have to run fast to justify their premium prices. But Unilever's renewed emphasis on restrained price increases, marketing spend and product innovation suggest it can still sprint with the best of them. This makes its sub-market rating appear rather grudging.

Even if worries over brands do fade, Unilever's shares may still struggle to reverse their recent underperformance. For many years, Unilever has been the natural home for international investors seeking exposure to the European food sector. The harmonisation of Nestlé's share structure and its proposed listing in the US suggest yet another competitive front will open up between the two giants.

UK music industry

If there really is something wrong with the pricing structure of the UK CD market, then the national heritage committee did not find it. The Monopolies and Mergers Commission may hope to do a better job. They should also aim to devise a better solution than simply urging producers to cut their prices by £2. But the MMC's earlier investigation found no evidence of collusion or scale monopolies. Besides, it is hard to see what practical changes it could propose.

Changes to the copyright law ending restrictions on parallel imports would risk conflict with EC regulations. There must be doubt over whether such a move would affect UK prices anyway – the evidence from other countries is inconclusive. Multinational music companies, such as Thorn EMI and PolyGram, will hardly be quaking. The UK market is lucrative but only accounts for 8 per cent of global music sales. The top three UK retailers, though, who control 53 per cent of the market and stand accused of not exerting their buying power to the listener's benefit, will be less sanguine. Whatever the MMC concludes, WH Smith, Woolworths and HMV face consumer pressure for lower prices. Retailers' margins seem set to suffer although higher volume sales and returning consumer confidence may soften the blow.

Ladbroke

The cloud hanging over Ladbroke got a little smaller yesterday. There were no nasty surprises in its annual report and the company has edged in the direction of further disclosure. It is a welcome trend which would be assisted by the appointment of some strong, non-executive directors and good news on slimming of the property portfolio.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Colonia Konzern	1015	+	10
Lahmeyer	630	+	10
Falls			
Badenwerk	365	-	8
Degussa	329	-	6
GEHE	383	-	7.3
Linotype-Hell	440.5	-	9.5
New York ($)			
Rises			
Andrea Elect	66¾	+	7⅝
Am T & T	54⅝	+	1
Boeing	40	+	½
Millicom	10½	+	1
Falls			
Nationsbank	46¼	-	1⅛
Wells Fargo	101⅞	-	2¾
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Fin Pollet	471.1	+	15.7
Falls			
Cap Gemini S	166.7	-	9.3
Cr Fonc France	1020	-	31
Elf Aquitaine	358	-	12
Gal Lafayette	1480	-	50
UFB Locabail	260	-	10
Tokyo (Yen)			
Rises			
Dia Kensetsu	1820	+	170
Marantz Japan	1090	+	105
Mitsui Wharf	1020	+	100
Okano Valve	718	+	67
Showa Tansan	700	+	100
Falls			
Kokusai Secs	1690	-	130
London (Pence)			
Rises			
BMSS	118	+	20
Bluebird Toys	234	+	15
Border TV	106	+	12
Chesterfield Props	263	+	18
Clarkson (H)	74	+	10
Gibbs & Dandy A	35	+	5
Ladbroke	169	+	6
Markheath	7½	+	2
Osprey Comms	32½	+	6½
P & P	71	+	4
VSEL Consortium	760	+	22
Falls			
Appleby Westward	175	-	13
Benson	15½	-	5
Bibby (J)	89	-	20
Brent Chemicals	130	-	7½
Cannon Street Invs	24½	-	2½
Danka Business	733	-	50
HTV	43	-	3
Laird Group	280	-	13
Micro Focus	2215	-	80
Ocean Group	248	-	11
Pittencrieff	289	-	12
Tadpole Tech	307	-	22
Unilever	1064	-	40

World Weather

UK Today: Brighter in most regions of England and Wales, but showers will soon follow, some heavy. Rain will gradually clear over N Ireland and much of Scotland but will persist in western areas. Outlook: Unsettled, with further rain or showers.

		°C	°F
Ajaccio	F	21	70
Algiers	F	23	73
Amsterdam	C	11	52
Athens	S	20	68
Bahrain	S	29	84
Barcelona	F	19	66
Beijing	S	26	79
Belfast	Sl	3	37
Belgrade	S	24	75
Berlin	S	25	77
Bermuda	S	23	73
Birmingham	C	12	54
Blackpool	R	9	48
Bombay	S	32	90
Bordeaux	C	20	68
Boulogne	S	16	61
Bristol	C	10	50
Brussels	C	12	54
Budapest	C	24	75
Buenos Aires		-	-
Cairo	C	35	95
Cape Town	F	18	64
Cardiff	F	11	52
Chicago †	S	10	50
Cologne	C	12	54
Copenhagen	S	17	63
Corfu	C	20	68
Dallas		-	-
Dublin	Sl	3	37
Dubrovnik	F	21	70
Edinburgh	R	4	39
Faro	F	16	61
Florence	F	18	64
Frankfurt	C	16	61
Geneva	C	17	63
Gibraltar	S	21	70
Glasgow	R	4	39
Guernsey	R	9	48
Helsinki	S	22	72
Hong Kong	F	31	88
Innsbruck	F	22	72
Inverness	R	5	41
Isle of Man	C	10	50
Istanbul	F	14	57
Jersey	C	15	59
Johannesburg	F	20	68
Las Palmas	S	22	72
Leeds	R	11	52
Lisbon	C	17	63
Locarno	F	21	70
London	C	15	59
Los Angeles †	S	15	59
Luxembourg	C	10	50
Madeira	C	18	64
Madrid	F	19	66
Majorca	S	19	66
Malaga	F	21	70
Malta	S	21	70
Manchester	F	13	55
Melbourne	C	14	57
Mexico City		-	-
Miami †	S	24	75
Milan	S	22	72
Montreal †	S	8	46
Moscow	C	22	72
Munich	C	19	66
Nairobi		-	-
Naples	R	16	61
Nassau		-	-
Newcastle	R	6	43
New Delhi	S	38	100
New York †	S	12	54
Nice	S	19	66
Nicosia	F	20	68
Oporto	F	16	61
Oslo	S	14	57
Paris	F	18	64
Perth	S	21	70
Prague	S	24	75
Reykjavik	F	4	39
Rhodes	F	19	66
Rio de Janeiro		-	-
Rome	F	21	70
Salzburg	F	20	68
S'Francisco †	S	12	54
Seoul	S	22	72
Singapore	S	33	91
Stockholm	S	21	21
Strasbourg	C	16	61
Sydney	S	20	68
Tangier	F	19	66
Tel Aviv	S	32	90
Tenerife	S	21	70
Tokyo	R	19	66
Toronto †	F	7	45
Tunis	C	23	73
Valencia	F	22	72
Vancouver †	S	11	52
Venice	S	22	72
Vienna	S	25	77
Warsaw	S	24	75
Washington †	S	14	57
Wellington	F	15	59
Zurich	R	16	61

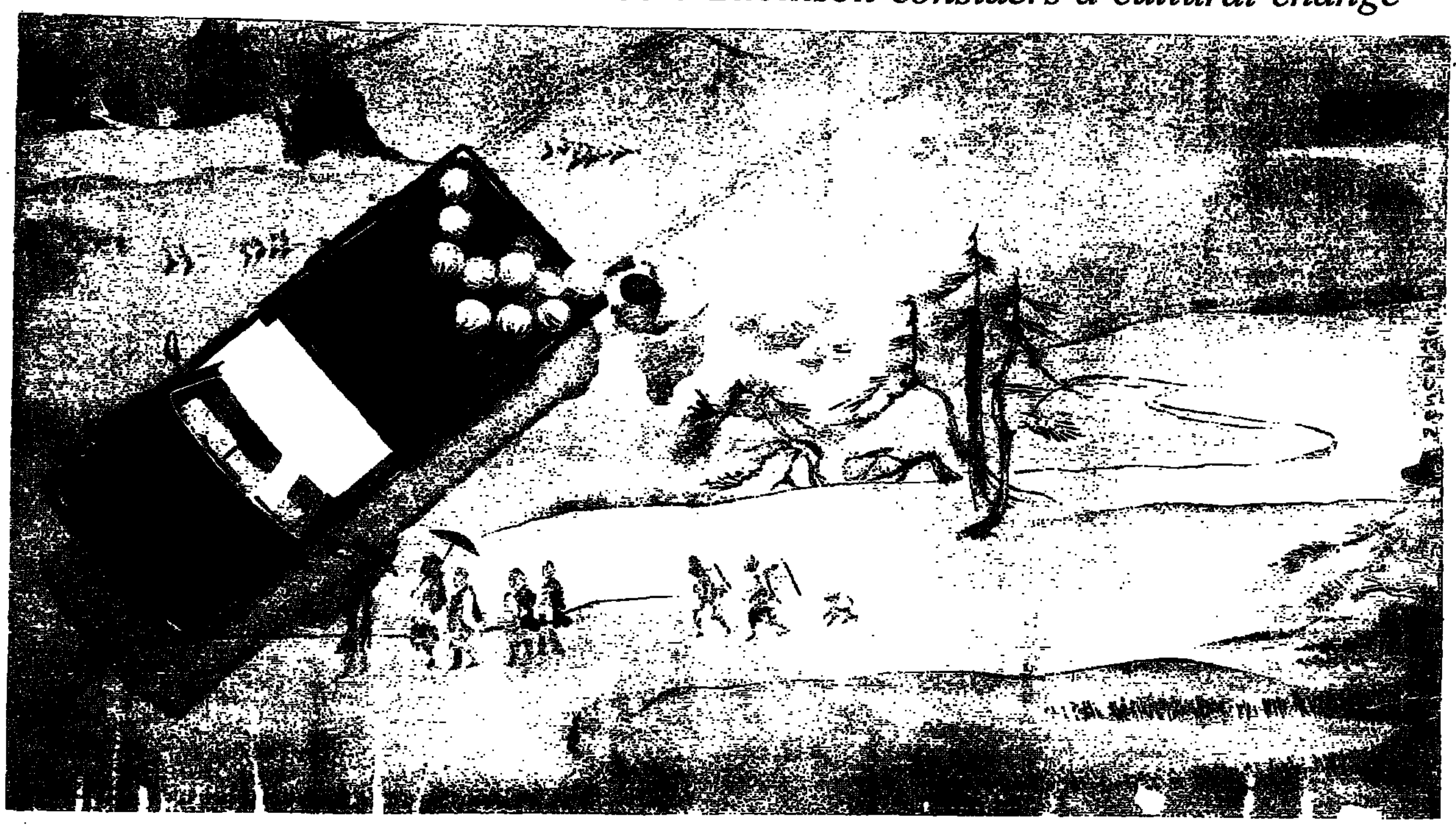
Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

Weekend FT

SECTION II

Weekend May 15/May 16 1993

Japan thinks itself a spiritual country. Yet corporate identity is stronger than religious awareness. ***Robert Thomson*** *considers a cultural change*



Nation in search of itself

MEASURING the ground with casual precision, Kiyoshi Sato prepares his fields for a crop of rust-stained steel rods, the ribs of a vinyl greenhouse. Instead of Bright Sun rice, the earth will be caressed by Sato into bearing Prince melons, more profitable than the sacred grain but strangers in Suye village, where the rhythms of life always have been in tune with the rise and fall of the rice crop.

The cultural rhythms of Japan are out of synch.

Remarkable industrial growth is popularly viewed against a romanticised rural background. The reassuring images of the "old village", the *furusato*, are essential to the sense of being Japanese. A family might live in Tokyo but it will tell you that its *furusato* is somewhere like Suye, a relatively rustic village on the southern island of Kyushu.

It is not just a sense of "place" that is under assault. The Japanese are taught that industrial success was inspired by a deep-rooted "cultivator spirit" that makes them unique. The theory is that Japanese work together harmoniously in an electronics company because they have a shared tradition of planting and harvesting rice. Westerners, however, are said to be hunter-gatherers – they eat what they kill, and their companies are just as selfish and compulsive.

The cultivator theme is played over and over in the classroom, and is echoed during negotiations when Japan defends its rice market against imports. Appealing as the theme might be to older Japanese, it bewilders the urban young, whose only links to the land are sentimental descriptions in a textbook. For Japan, the last rice crop of Sato in Suye village is another disturbing symbol of a creeping identity crisis that no one wants to confront.

Suye was visited in the mid-1930s by a meticulous US sociologist, John Embree*, who found a remote, content community gradually being co-opted by a powerful central bureaucracy. At the time, Japan was preparing for war, and once isolated Suye suddenly became a sub-branch of the Patriotic Youth Association, the Farmer's Co-operative, and the Women's Patriotic Association, all strongly nationalistic. The villagers, ironic and warm, accepted the changes as inevitable, and went on cultivating their fields.

The folk of Suye are still ironic and warm. They, more than the urban dwellers who romanticise them, have a clear view of the altered cultural landscape and of the need to redefine what it is to be Japanese. When Sato, surrounded by withered rice stumps, contemplated the fate of the ground, he smiled a wry smile: "I don't suppose it matters. Modern Japanese can't tell the difference between good rice and bad rice. You could give them quality like Bright Sun and they wouldn't appreciate its worth."

Sato is one of the last true cultivators, who comprise about three per cent of the population. Farm machinery has undermined the old communal cause of planting, harvesting and celebration of the harvesting. Even in the rural heartland of Suye, only a third of the 1,620 villagers work in primary industry. The rest toil in factories, offices or shops, perhaps at the towns of Menda or Takagi, now 10 minutes by car, but, traditionally, a long walk only rarely worth making.

Suye village is still remote from the political scandal and financial market turmoil of Tokyo. There is one restaurant, a Shinto shrine, a few vending machines, an all-purpose convenience store, a couple of car repair shops, and a factory, KM Clothing, with 100 staff, the largest employer. The only policeman is based in the neighbouring village of Fukada, and his greatest concern is traffic accidents, which have risen with the vinyl greenhouses – in the old days, drivers had clear vision across empty fields, and they still drive as though they do.

Television has diluted the local dialect by forcing standard Japanese, Tokyo talk, into local living rooms. And it has encouraged the village to contemplate the outside world, though Japanese programmes tend to reinforce cultural differences rather than explore common characteristics. Foreign workers have arrived recently in the nearby towns: women from Thailand in the bars and hostess clubs, construction workers from China, and exchange students from privileged Western backgrounds.

In the face of change, Masatsugu Saiki puts extra emphasis on honouring the past. He runs a dairy farm with 32 cattle, and grows rice on the side. Fading photographs of his grandfather and mother are displayed alongside a row of Buddhist prayer cards politely requesting abundant harvests and good health. Each day, Saiki pays homage to his ancestors, whose spirits are encased in an an ornate wooden shrine, a butsudan, in a matted room near the entrance to his home.

"There is a lot more competition these days. We are competing with each other. The spirit of the area has changed. There are people that we don't know around here. In the past we knew everyone." Buddhist prayer cards aside, Saiki is no mystic. He and his wife, Kumi, are in the cowshed by 5.30 most mornings. If, by chance, they oversleep, a Beethoven recording would wake them.

Each morning at 6, "Für Elise" echoes across the paddy fields through a loudspeaker system run by the village office. At lunchtime, Schubert reminds them to eat, and at five in winter, six in summer, the local children are alerted to return home by the strains of Yuyake Koyake, a folk song about the setting sun and the blackbirds.

There is a deep love of the loudspeaker in Japan. Right-wingers use them to condemn Chinese communists and corrupt Tokyo politicians. Suye village has a loudspeaker car broadcasting traffic safety messages. In a nearby town, a loudspeaker van delivered a message about a public lawyer's imminent visit to counsel folk on legal disputes – in between the spoken messages, the van played "The Lord is My Shepherd".

Apart from the private ancestor worship and the hymns used for advertising, religion is not much seen or heard, though a deep faith is part of the romanticised rural personality. The local shrine is overgrown – one afternoon, a worshipper had placed a handful of rice and a glass of sake as offerings to the gods. The shared spiritual experiences are supporting the local high school in a national baseball tournament, and watching the most popular gaudy gameshows, which lack the historical texture of the silent black-and-white photographs in most homes.

The faded black-and-white photograph behind Kazumi Hirata is of him in uniform. Sitting upright, proud but not arrogant, the 78-year-old told of his war years in China and Taiwan. He followed the Yangtze River from Shanghai to Wuhan in central China during the early days of the 1937 war. It is clear that he respects China, and he cursed gently when he could not rouse his memory to produce a few sentences of the Chinese language.

On returning to Suye after the war, Hirata worked in the village office for 26 years, guiding the region through starvation to relative prosperity and on to an era in which the country is reluctant to recognise its new self. His family runs a small convenience store, and it is the word "convenience" that most strikes Hirata about modern Japan.

"It is easier. It is convenient and that's important. I don't know what really what else to say. It was too hard in the past. Too much hardship." He has thought about the past a lot, but is too dignified to force opinions on a visitor. The present amuses him. Political scandals make him smile gently. He appears to have spent his retirement sagely contemplating the financial farce of the late 1980s and the inevitable "bubble" burst. For the convenience store, "our sales went up a little bit during the bubble years, and they are now down a bit".

For most of the village, the economy was up a bit and down a bit. The man most affected is Mitsunobu Nonaka. He runs KM Clothing, with one sewing factory in Suye and three elsewhere. His troubles are not bubble-related, but from rapid economic growth in neighbouring countries: "Three or four years ago, there was no real threat from China because their products were cheap, but of a much lower quality. Now they are using Japanese technology, their workers are more skilled and the quality is high, but the labour cost is about an eighth of ours."

On display in the KM factory, surrounded by rice paddys, is a small trophy won by Nonaka's workers in a beach volleyball tournament. "Well, it was beach volley-ball, but it was played in a hall." He was the team's coach and has a reputation as a thoroughly modern manager, but the time will come when he has to lay-off the volley-ball players. Other factories in the region have already started firing: "We have always been or two workers short. That has changed. From September we started to get calls from people who had lost jobs at other factories. We can't help them."

Nonaka is one of the U-turn generation. Educated in Tokyo, and a former employee of the Tokyo railway and property group, he came back for family reasons. The village elders are attempting to lure back more of his kind, but the attractions of big city life are more in demand than Suye-style solitude, and the sun-tanned, stylish Nonaka is a bit like the "model worker" of China, lauded but not imitated.

Suye people are generally modest in ambition, but they have noticed that the folk of neighbouring Fukuda village somehow seem to get a larger cut of the national budget each year. The reason is the influence of the legendary Maehara brothers, Dansho and Tetsunojo, one a mayor, the other a monk. Dansho, 72, studied in Tokyo and is said to have close contacts with the important ministries, construction and finance. Tetsunojo, 69, is

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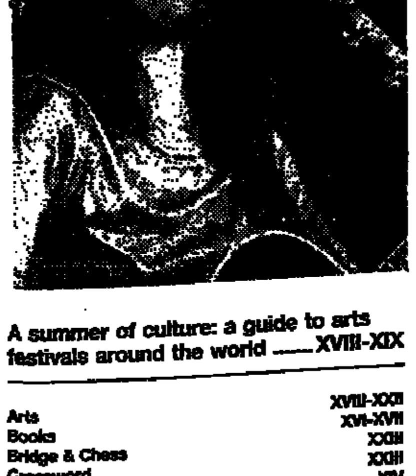


The Long View / **Barry Riley**

Gold bug bites again

THE PENETRATING voice was unmistakeable, the glint in the eyes undimmed. There was no escaping from the coffee lounge as he advanced. It was Fringe Freddie, doubtless promoting yet another esoteric investment theme. Was it my imagination, I wondered, or did the gold bracelet seem a little clunkier this time.

Occasionally, I make the error of *attending an investment* seminar which is, shall I say, just outside the mainstream. It is not, you understand, that I *really* believe in Japanese candlestick charts, Professor Wheeler's 1000-year drought rhythm, or even the triple conjunction of the Kondratieff, Juglar and Kuznets cycles; but surely it does no harm to keep an open mind.

The last time I ran into Freddie at one of these gatherings, he was heavily into the prophecies of Nostradamus. The *International Harry Shultz Letter* had admitted that its forecast of a disastrous Californian earthquake for May 8 1992 had been based upon a wrong interpretation of the mystic, but the event *definitely* was scheduled for May 8 1993 instead.

This week, pointing out rudely that San Francisco seemed still to be there, I challenged Freddie over falling for yet another failed prediction; but, as usual, he had forgotten all about his past mistakes. He had been infected once more by the oldest fever of all, the gold bug.

They were trying desperately to keep a lid on the gold price, he said, but it was hopeless. "They," I gathered, were the central banks, such as the one in Holland which dumped 400 tonnes at the end of last year at a price which certainly does not look too clever now the gold price is up 12 per cent from its low. Clearly, I was not going to escape without hearing about a global conspiracy.

Did I not know this was the most fiscally irresponsible period in history? ranted Freddie. The Americans were running a deficit of 5 per cent of GDP and, despite the smokescreen of tax proposals, their national debt could reach 80 per cent of GDP soon. Already, net interest payments were at 15 per cent of federal spending and would soon spiral right out of control.

Europe was just as bad, and the ERM finally was collapsing. Germany's public sector deficit was 8 per cent of GPD, the UK's ditto and even France, previously financially prudent, was heading the same way, having budgeted for a deficit of 4.5 per cent last Monday. The Japanese had been leant-on by the Americans to launch their own state spending binge.

Just a minute, I protested: surely this could all be financed properly through the bond markets. With a recession on, there was no shortage of finance. Long-term interest rates had actually been falling around the world, at least until a few weeks ago. Of course, governments would need to raise taxes and cut their spending when the recovery began...

Freddie began positively jingling with excitement (the reason, I noticed, being that he was actually wearing *two* gold bracelets). Britain's Newbury by-election showed just what happened to governments that raised taxes, he said. As for long-term interest rates, had I *really* failed totally to notice what the Americans were doing? They were cutting their sales of long bonds and shunting even more short-term debt into the banking system.

By keeping deposit rates very low, the Federal Reserve was inducing the banks to hold vast quantities of short-term bonds on which they could make an easy profit – much more easily than by lending to real businesses that generated actual economic wealth. But a monumental re-financing problem was piling up for a few years out. Moreover, the low money market rates were undermining the dollar and helping to fuel inflation, which had started to go up again.

It was true, I admitted, that the performance of the dollar had been disappointing this year. Meanwhile, the yen was looking wildly over-priced on fundamentals, sterling was dogged by a massive balance of payments problem, and the European continental currencies were threatened by tumbling German short-term interest rates. It was hard to see where to put your money.

Precisely, said Freddie. We should get out of paper currencies altogether and into gold, which the politicians could not debauch. Even the equity markets were looking dangerous. The new record net inflow of $28.5bn into US equity mutual funds in the first quarter of 1993 was a classic contrarian signal. In the UK, there was a corresponding surge of £1.8bn into unit trusts, beating even the £1.7bn for the first quarter of 1987. Professionals were getting out and amateurs were getting in.

I attempted to regain control of the conversation. It was true, I said, that the fall in real interest rates had cut the cost of owning gold. Also, surging demand from China had helped world bullion sales to jump nearly 25 per cent in the first quarter, year-on-year. But that was at very low price levels and, even at this week's prices, you were showing a total loss since 1980 of 57 per cent in dollars and 80 per cent in yen. Take into account the opportunity cost of interest foregone, plus the actual cost of storage and insurance, and gold would have lost you more than 90 per cent of your wealth.

Freddie was jingling again. I talked, he said, like a blinkered bank manager, the sort who would be one of the very last holders of US Treasury bonds, too busy looking at the juicy yield spread to notice the coming default (just like at Olympia & York). Governments were desperate to suppress the gold price bubble because it would focus attention on rickety banking systems and unsustainable fiscal deficits. But we were approaching the point of no return.

With relief, I saw that a session on Fibonacci ratios was about to begin. But later, funnily enough, I felt quite glad I had run into Freddie. I might have heard the story from somebody else and taken it seriously.

London

A creak, a groan, and a muffled sigh

By Peter Martin, financial editor

FAR AWAY, at the back of the dark, bat-infested cave that does duty as the collective memory of the London markets, you can hear a faint, ominous creak.

It is instantly identifiable to anyone who has ever watched a Christopher Lee movie as the sound of a sarcophagous lid. Slowly, cautiously, it lifts. An eerie glow escapes from inside. Terrified peasants, mumbling long-forgotten prayers, cluster around the tomb. A word, a murmur passes from lip to lip . . . a name no living mortal has heard in years. Still no more than a whisper, it strikes chill to the bone: "Barber . . . Barber . . . Barber"

The spectral figure stirring at the back of the cave is not the real Lord Barber, the amiable ex-Chancellor/ex-banker, but his symbolic alter-ego, a.k.a. the Barber Boom, the rapid burst of inflationary growth in 1972-3 that followed the Heath government's U-turn away from austerity.

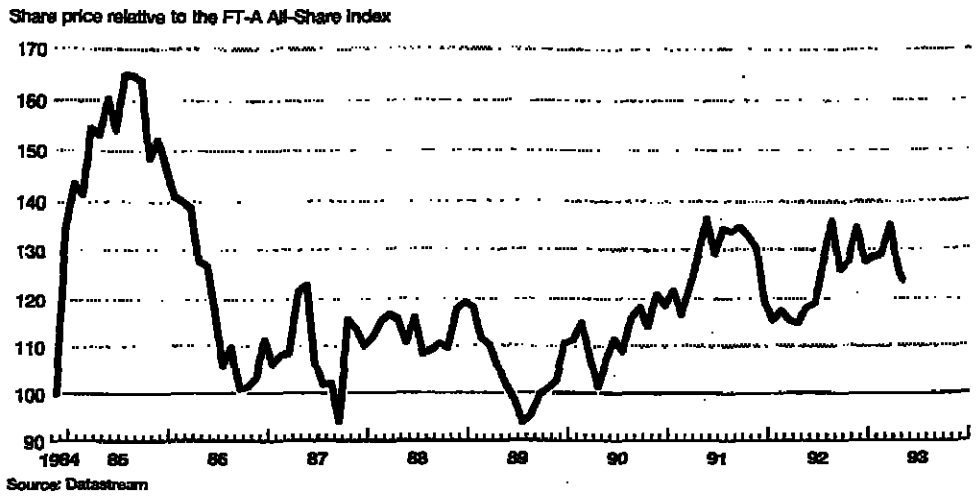
Astonishing though it may seem – at least to anyone not brought up on a diet of late night horror movies – this spectre, long thought buried at a cross-roads with a stake through its heart, now walks the land. Or at least, it walks the densely printed pages of Ian Harnett's stock market analysis for Société Générale Strauss Turnbull, the broker.

Pondering the likely scale of the economic recovery, he and his economist colleague Corey Miller remind us that the government's leading economic indicator is at a level not seen since – yes, you guessed it, the Barber boom, when gdp growth touched 10 per cent.

That is not all. Monetary policy is also exceptionally loose, if you measure it in a way which adds together the impact of laxer interest rates and a lower exchange rate. And though the Strauss Turnbull economic forecast is more optimistic than the consensus, at around 2 per cent gdp growth for 1993 and 3 per cent in 1994, this only produces a peak annualised growth rate of some 4½ per cent.

BT

Share price relative to the FT-A All-Share Index



Source: Datastream

In practice, the economy tends to move more abruptly, both up and down, than economists predict: the peak annual rate in the 1983 recovery was 8.6 per cent; in the 1976 upturn it was 7.7 per cent. You could draw the conclusion that this recovery is likely to be more anaemic than its predecessors. Or you could conclude that there will be a burst of faster growth than economic forecasts would suggest – closely followed, perhaps, by inflation and a hasty slamming-on of the brakes, as the chancellor tries to avoid joining Lord Barber at the back of the cave. Perhaps that is what the rise in longer term interest rates was trying to tell us earlier this spring.

Such worries have had little effect on the market this week. The yield on 10-year gilts was scarcely changed, closing on Friday at 8.09 per cent, up from the previous week's 8.08. The equity market has been more cheerful: the FT-SE 100 index closed at 2847.0, up 53.3. One common factor in both markets was the thought that the government's political weakness might push it into an early cut in interest rates, perhaps next Friday when the inflation rate for April is expected to fall to an annual rate of 1.5 per cent.

If the short-term domestic outlook was relatively optimistic this week, the same could not be said for the international scene. Inflation worries revived in the US (though earlier in the week a strong performance by Wall Street lent added impetus to London's recovery). More important, perhaps, the economic outlook in continental Europe took another turn for the worse, with an extraordinarily steep fall in output at Mercedes Benz in the first quarter – car production was 39 per cent lower than in the same period a year ago – and fresh turmoil in the exchange rate mechanism as Spain and Portugal devalued after a day of uncertainty in the currency markets. International concerns will continue to play a role next week, when Denmark's vote on the Maastricht treaties takes place on Tuesday.

In the domestic market, the big stock of the week was ICI, which carried out the trickiest part of its demerger of Zeneca, its biosciences side, on Tuesday, with the pricing of Zeneca's five-for-sixteen £1.3bn rights issue. At the rights price, the Zeneca shares yield 5.7 per cent on the forecast dividend of 27.5p for the year, an unusually juicy yield considering that the figure for the Health and Household sector as a whole is just over 3 per cent.

Although the demerger does not finally take effect until June, grey market trading has already begun in the shares of the successor companies. The trend throughout the week was away from glamorous, high-flying Zeneca and towards boring old cyclical ICI, partly refecting investment sentiment in the US market. Zeneca ex-rights closed the week at 636p, down from the 682p at which it was first quoted on Tuesday and 14 per cent above the rights issue price. New-ICI closed at 622p, up from Tuesday's 569p. The existing ICI shares, enjoying their Indian spring, closed at 1263p, up 20p on the week.

The other big stock of the week was BT, not so much for the scale of its redundancy costs, which lopped £1.1bn off its pre-tax profits for the year ended March, announced on Thursday, but for the £750m pension fund deficit it announced at the same time.

Part of the deficit stemmed from the cost of paying off workers: but just as worrying were the other two contributors to the deficit, the impact of ACT and a much lower than expected growth in dividends received on the fund's investments.

Most actuaries have been expecting a 5 per cent annual increase in dividends; in fact, dividends for the market as a whole shrank 0.1 per cent in 1992 and a further 1.8 per cent in the first quarter of 1993. One sure way of getting dividends to grow again, of course, is inflation. Which is where we, and the spectre, came in . . .

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	2847.0	+53.3	2957.3	2737.6	Revived interest rate hopes
FT-SE Mid 250 Index	3142.3	+32.8	3154.7	2876.3	Recovery hopes
ASW	230	+13	233	81	Upgradings last week
BOC	693	+19	770	671	Technical support ahead of figures
BP	320½xd	+16	326	225	US buying
Burton	86¾	+6¼	87½	64½	Results/consumer recovery
Erskine House	90	+56	90	27	Alco Standard makes agreed bid
Hunterprint	84	+20	88	43	Bid interest
Land Securities	545	+14	555	435	Results/property revival hopes
Lee (Arthur)	156	+20	166	105	Carclo makes agreed bid
Lonrho	117½	+13	120½	70	Disposals hopes/firm metal prices
Shell Transport	611	+46	614	515	Well-received first-quarter results
Simon Engineering	55	-43	142	52	Profits warning/downgrading
Unilever	1064	-22	1249	1050	Disappointing results
United Biscuits	414	-15	437	340½	Bid hopes fade

Serious Money

ISIS: a trust with a novel twist

By Philip Coggan, personal finance editor

NEW INVESTMENT trusts may be regular occurrences these days, but when one comes along with a different twist and an aggressive marketing campaign, it is worth a closer look. Such is the ISIS trust from Ivory & Sime. Its central plank is exploiting the £5,800 capital gains tax allowance which many investors leave unused. The sale of shares is taxed under the CGT regime and not as income tax.

Under the ISIS scheme, the trust automatically will sell 7 per cent of an investor's holding in order to generate a monthly income plan. The first £5,800 of income from these sales would be tax-free. For basic-rate taxpayers, a 7 per cent tax-free income would be the equivalent of a 9.33 per cent gross return from a building society.

The danger with this route, of course, is that investors could simply be returning their capital to themselves in the form of income. The trust needs to grow at a rate of at least 7 per cent annually for the scheme to work.

One important wrinkle in this structure is that the trust is selling all its dividend income to institutions upfront in the form of convertible annuity shares. This has its good and bad sides. The good is that selling the shares (which have virtually no repayment value) boosts the asset value of the ordinary shares by 10 per cent; so, ordinary share investors are buying at a discount to asset value – an unusual position for a new issue. The bad news is that dividend income is an important part of equity return. It will be more difficult for the trust to achieve 7 per cent growth without the help of the market yield.

ISIS, however, will be concentrating its portfolio in low-yielding equities where growth prospects should be greater. And the trust says that, since 1945, the market has achieved an annual capital return of 7.8 per cent per annum. Of course, this might not be repeated in the 1990s.

There is a further hurdle. Those who want income will be regular sellers; the trust needs a source of buyers to ensure a balance, and to prevent the shares slumping to a discount. Accordingly, it will offer a regular savings plan with the attraction of bonus warrants. These warrants offer the prospect for additional capital gain. For those who are likely to pay CGT, there is a personal equity plan available.

The plan certainly is ingenious. Some might argue that there is nothing brilliant about converting capital gain into income and that investors could do it for themselves by selling 7 per cent of their own share portfolios every year. But this would involve substantial costs (especially for small investors); the ISIS method is very cheap.

Things could go wrong. A bear market might eat up investors' capital very quickly, and the trust could find that the demands of the income shareholders and the savings scheme do not balance. Philip Middleton, of Smith New Court, says investors should realise that ISIS is not a straight swap for a building society; there is no guarantee of capital. Only those investors comfortable with equity risk should apply. But, he adds, it offers a tax-efficient way of getting income.

Another trust trying to raise new money is Fleming Claverhouse, the UK blue-chip fund. Its problem has been success, with demand for shares so swamping supply that the price occasionally has reached a premium of 9 per cent above asset value. The answer is an issue of new shares, available to existing investors and others. Although, because of issue costs, these shares also will be at a premium to asset value, the premium will be smaller – around 3.6 per cent.

The issue looks complicated. "Conversion" shares are being offered, which are expected to convert into ordinary shares in June. The reason for the complexity is the need to be fair to all shareholders.

Immediately after the offer, Fleming Claverhouse will have a pot of new money, ranging from £100m (the maximum possible) to a more likely £25m-£35m. It would not be prudent or wise to invest this money straight away. But if the market rises sharply, the trust's large cash holding would cause it to underperform the index. That would be unfair to existing shareholders. So, the two pools of assets will be kept separate and the two classes of shares combined only when the new money has been invested in the market.

It is encouraging to see that good, solid, conventional investment trusts are able to raise new money and Fleming Claverhouse's record certainly makes it a trust worth watching (see Page VI).

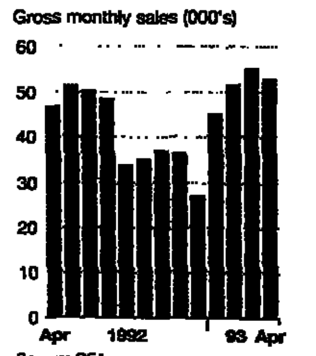
Meanwhile, three cheers for TR City Of London, which has cut the annual management charge on its personal equity plan. As I reported after the Budget, the change in the tax credit on dividends had made the Pep unattractive for basic-rate taxpayers, since the charge was higher than the tax benefit. Now, TR has cut the charge from 1 per cent to 0.75 per cent annually plus VAT. On a yield of 4.4 per cent, the annual dividend on £6,000 would be £264, and the basic rate-payer would save £52.80 in tax.

The annual charge on £6,000 works out at around £52.87 per year, so the basic rate-payer will break even. But there is the CGT exemption as well and, once the investment grows to more than £6,000, the annual charge falls to 0.5 per cent, so the Pep-holder should move into profit.

AT A GLANCE

Residential sales

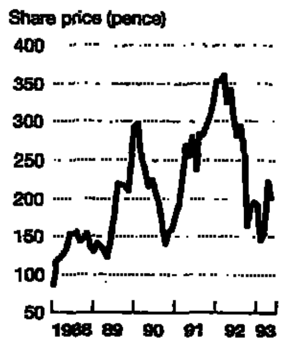
Gross monthly sales (000's)



Source: CEA

Body Shop

Share price (pence)



Source: FT Graphite

Housing sales get a spring in their step

Housing activity showed a strong year-on-year rise in April with gross sales up 13.3 per cent on April 1992, according to the Corporate Estate Agents Property Index. Compared with March there was a 4.1 per cent decline in gross sales, but this reflected the impact of public holidays.

Gross sales are defined as the number of new sales agreed in the month, subject to contract and which normally have a completed chain, finance arranged and solicitors instructed. The number of deals where contracts were exchanged rose 8.3 per cent year-on-year and fell 5.5 per cent on March.

Body Shop bites the bullet

Profits at Body Shop, the cosmetics group, fell 15 per cent in the year to end-February, ending the company's previously rapid growth. Although the group is expanding internationally, the group suffered from falling sales and profits in the UK. However, the group did feel confident enough to increase its total dividend by 6.2 per cent. The company did issue a profits warning last autumn, so the news was not unexpected. The shares rose 6.5p to 204.5p on the day of the announcement but had dropped back to 196p by the end of the week. They have rebounded a long way from the year's low of 133p.

Fixed rate – for 25 years

Lloyds Bank has launched a 25-year fixed rate mortgage, at a rate of 9.75 per cent (APR 10.4 per cent). Borrowers must take out a Black Horse Life endowment or pension policy and pay a £250 commitment fee. There is a redemption penalty of 10 month's interest.

Lloyds is also offering a five year deal at 7.99 per cent (APR 8.4 per cent) and 8.99 per cent (9.2 per cent APR) over 10 years.

Birmingham Midshires is offering a rate of 7.7 per cent (APR 8.2 per cent) fixed until February 1 1997. The loan is only available on an endowment, Pep, or pension basis and carries a £275 arrangement fee.

Stockbroking merger

The private client business of Sheppards, the stockbroker, has been merged with W I Carr (Investments), which has now changed its name to Carr Sheppards Limited. Carr Sheppards has 47 directors, 10,000 active clients and some £1.7bn under management.

Going Dutch on shares

Robeco, the Dutch investment company, is celebrating its 60th anniversary and is offering investors the chance to buy shares free of commission and brokerage charges through its Swiss bank subsidiary. The minimum investment is for £5,000, or $10,000, and involves opening an account at the bank; the offer lasts until June 30. Robeco is an open-ended investment company which owns shares in around 400 companies in 20 countries.

Schroders share service

Schroders has launched a dealing service for those who want to buy and sell shares in its split fund, and might not have their own stockbroker. Dealing charges are 1 per cent on both purchases and sales. There is a daily dealing facility for those who invest the minimum of £1,000. The split fund was launched in March and has income, zero and capital shares.

Wall Street

Inflation puts Fed back in the spotlight

ALL EYES are back on the Federal Reserve after this week's worrying inflation numbers.

It seems a long time since Wall Street has had the Fed in its sights. The last time the central bank fiddled with monetary policy was September last year, when it lowered the federal funds rate by a quarter of a percentage point to 3 per cent. And the last time the Fed made anything like a meaningful move was back in July 1992, when it cut the discount rate by half a percentage point to 3 per cent.

In the intervening months, the stock and bond markets have had little reason to think about the Fed. Instead, the presidential election, rebounding corporate earnings, an increasingly muddled economic picture, the Clinton fiscal stimulus package and first budget, the restructuring of the Treasury debt, even the war in Bosnia, have all grabbed the attention of the markets at one time or another.

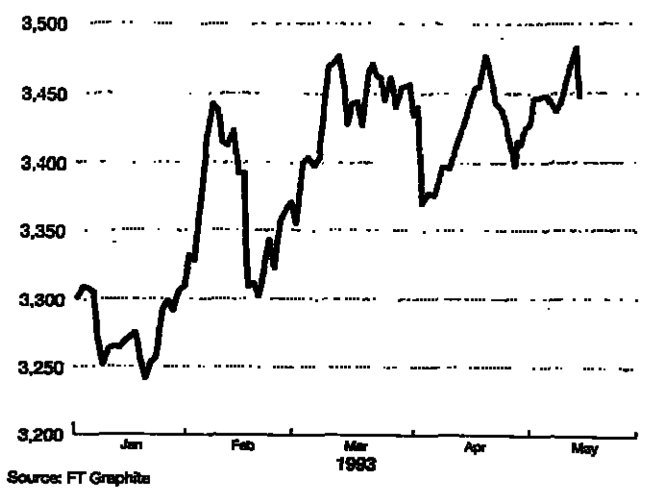
In fact, since last autumn, the only time the Fed has really captured the markets' imagination was when its chairman, Alan Greenspan, sat next to Hillary Rodham Clinton at her husband's first State of the Union address to Congress, an extraordinary sight that thoroughly confused Washington DC and Wall Street alike.

The markets get nervous enough when they see the President and the Fed chairman together, for a politicised central bank is the last thing Wall Street needs. But the First Lady and the Fed chairman together, in apparent harmony? Many minds boggled.

Now, however, the Fed is back in the spotlight, and sweating uncomfortably under an inflationary glare that suddenly and unexpectedly intensified this week. On Wednesday the April producer prices index was released, and it was up 0.6 per cent on the month. A day later came the consumer prices index – it was up 0.4 per cent.

Not only were both sets of headline data stronger than analysts' had expected, but the "core" measures of producer and consumer price inflation, which exclude the volatile food and energy components, were also above Wall Street's estimates. The figures sparked heavy selling in the bond market, where the 30-year bond yield jumped from 6.81 per cent to 6.97 per cent in just two days.

Dow Jones Industrial Average



Source: FT Graphite

Although the stock markets managed to shrug off the producer prices number, and even pushed the Dow Jones Industrial Average to a record high on Thursday, they could not ignore the rise in consumer prices. It was the third report out of the last four that has shown monthly consumer prices rising faster than expected.

Last year consumer prices rose 2.9 per cent – so far this year, they are rising at an annual rate of 4.3 per cent. This should worry the Fed, which in its annual report to Congress in February predicted that the CPI would rise somewhere between 2.5 per cent and 2.75 per cent this year.

With a third of the year already out of the way, and an economy that is still growing (albeit at a sluggish pace), it now appears unlikely that the Fed's target range for the CPI will be reached.

This means that the Fed either will have to come up with a new, higher target, or it will have to tighten monetary policy to slow the pace of economic activity and bring the rate back to within its current range. Greenspan and other Fed chiefs have in the past talked of getting inflation down to near zero, so the latter course is the one more likely to be pursued.

All of this is important for the stock markets. Low interest rates have been the single most powerful factor at play in the markets over the past two years. They have sustained stocks when the state of the economy and corporate earnings have not justified prices at their high valuations. Low rates have worked wonders by lowering the cost of capital for corporations, and by squeezing investors out of low-yielding short-term financial assets such as certificates of deposit and money market funds, and into equities.

If interest rates go up, the flow of investor funds from fixed-interest assets into stocks could reverse. Higher rates would also force investors to revise their expectations of economic growth and corporate profitability. With prices struggling to hold their ground at or near their all-time highs, the markets' fall could be precipitous.

The big question is: will the Fed have the courage to raise interest rates this year, especially now that the chairman and Hillary Clinton are such good chums?

Patrick Harverson

Monday	3443.28	+ 6.09
Tuesday	3468.75	+ 25.47
Wednesday	3482.31	+ 13.56
Thursday	3447.99	– 34.32

The Bottom Line

A note of new issue caution

THE FLOOD of new issues in the last year has proved a rich seam for investors but professionals are beginning to caution restraint.

New stocks have been among the best performers in the stock market this year. Tadpole Technology, for example, which reported its first profit yesterday, has risen from 65p to 307p. A more modest new issue increase has been Quality Care Homes', up 72 per cent at 234p since it floated last year.

So robust has been the renewed private interest in new issues – and concern that they have been kept way from placings like Tadpole and Quality Care Homes – that the Stock Exchange has tightened its listing rules again to ensure better access for the public.

But some brokers and fund managers are beginning to question the quality of some of the stocks coming to market. One wondered whether private investors were not becoming too indiscriminate.

The prevailing sense that new issues could not fail reminded him of the old advice to sell as soon as the stock market becomes so popular that even the hotel bell-hop starts giving share tips.

With interest rates so low, migration towards the stock market is not surprising. The difficulty is how to spot which new companies to avoid and which are coming to market at the right moment in their development.

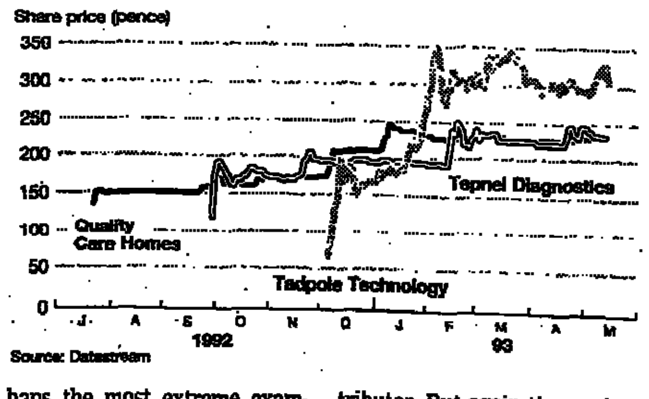
Particularly worrying is the preponderance of companies floating at a very early stage of development. A number demonstrate very exciting potential and tell fascinating stories but are simply inexperienced.

"The companies have a record in their field and the credibility of the people involved is very high," says one fund manager. "But you just don't know if they are going to sell their product."

Tepnel Diagnostics, which makes equipment to identify contamination in food, is perhaps the most extreme example. It had no sales when it came to market but shares have nearly doubled to 233p.

Three of the top performers

Share price (pence)



Source: Datastream

Anagen, a medical diagnostic company due to come to market next month, is in a similar position. It has powerful backing from an international distributor. But again the product is not fully developed for a mass market.

A third company, Drew Scientific, another diagnostic equipment company that is coming to market via a placing next week, has a product and markets. But it has limited experience of continuous manufacturing at the volumes it is anticipating.

Of course if such companies get their product and marketing right, the operational gearing of a low-cost manufacturing base can do wonders and the shares may outperform.

This appetite for new issues – perhaps best demonstrated by the six times over-subscription for David Lloyd Leisure – has had a knock on effect on price. If the last issue to market went immediately to a 20 per cent premium, the next sponsor tweaks his price. Not only the risk but the price of new issues may be rising.

For private investors not put off by growing professional wariness, there are a number of imminent issues. BT3, the sale of the government's remaining 21 per cent stake, is expected in mid-July. More cautious investors may be attracted by what should be an above average yield.

At the other end of the scale is OGC International, the offshore oil and gas contractor, for which the offer closes on Wednesday. OGC last year made £10.5m on sales of £226.6m.

Fleming Claverhouse, the investment trust, is hoping to raise up to £100m in an offer of conversion shares that closes on June 4. And pathfinder prospectus are expected soon from Court Cavendish, the UK nursing home operator, Inveresk, the speciality paper maker and RPC, the rigid plastic packaging group.

The prospect of commission-free purchase of shares that immediately move to a premium may prove too difficult to resist. But even stags have to be careful.

"The temptation is to put the profits of one issue into the next, says one institutional investor. "But there is bound to be a howler and then the appetite for new issues will wane."

Richard Gourlay

The Re-discovery of the Small Company

Smaller shares hit the comeback trail

*And a revival is certainly overdue, says **Philip Coggan***

HAS THE revival of the smaller company share arrived at last? The first quarter of 1993 certainly suggested so. The extended Hoare Govett Smaller Companies index (excluding investment trusts) rose 15.2 per cent over the period (including dividends), compared with growth of just 4.6 per cent in the FT-A All-Share index.

A revival is definitely overdue. The Hoare Govett index underperformed the All-Share for the four consecutive years from 1989 to 1992. Not only was this the first four-year period since 1955 in which this phenomenon occurred – there had been no previous consecutive three-year period of small company underperformance.

Over the period since 1955, Hoare Govett figures show that its smaller companies index has produced returns of 18 per cent a year, some 4 per cent ahead of the returns achieved by the All-Share.

Why did smaller company shares perform so well? It is obviously easier for a small company to grow at 50 per cent a year than it is for, say, ICI. A second reason is that small company shares are less "efficient" – in other words, researched less well than companies in the FT-SE 100. There is more scope for the shrewd fund manager to pick a winner.

With these higher rewards come higher risks, however, as investors discovered between 1989 and 1992. "Earnings" growth of smaller companies is greater but it is more volatile," says Paul Woolley, of fund manager GMO Woolley. His figures show small company profits were hit particularly badly in recessions such as 1973-74, 1979-80 and 1990-92.

The lack of diversity of smaller companies makes them more vulnerable to the problems of individual customers and market niches – and to the fortunes of the UK economy; thus, the latest recession hit them particularly hard. The illiquidity of their shares worsened the effect on prices.

But the very factors which held smaller companies back should help them prosper in the recovery. Douglas Ferrans, of Scottish Amicable Investment Managers, writes in the group's monthly investment review: "Smaller companies should now enjoy growth in productivity, a widening of margins and superior growth in earnings."

Even if you accept these arguments, how much of the recovery is in the price? The FT-Small Cap index is trading at present on an historic price-earnings ratio of 31.25, far higher than the FT-SE 100 and pretty racy by any standards. According to Ferrans, though, if you exclude loss-makers and use the latest reported earnings' figures, the ratio falls to around 20.

"On our measure of valuation, small company shares are currently under-valued," says Woolley, adding that this applies particularly to the relationship of price to assets. "However, this under-valuation is not as stark as the over-valuation smaller companies reached in 1987."

There certainly does seem to be a change in the climate of opinion towards small companies. Hoare Govett is seizing the opportunity to launch a second investment trust linked to its extended index. The first trust, launched in December, raised £28.5m. The new trust will invest in more than 200 companies and, by aiming to match the index, will remove the danger of poor stock selection. The full prospectus is expected to appear in June.

For most private investors, a collective fund probably is the best way of backing the small company revival (if they believe the argument). The best-performing investment trust in the sector over the past three and five years has been Foreign & Colonial Smaller Companies; over 10 years, the leader is Moorgate.

The average UK smaller companies unit trust has achieved a rise of just 16 per cent over the five years to May 1 (offer-to-bid with net income re-invested; source: *Micropal*). Returns range from the 92 per cent growth of Royal Life UK Emerging Companies to the 25.3 per cent decline of the Waverley Penny share.

Trusts in the sector with above-average performance over one, three, five and 10 years are Edinburgh UK Smaller Companies, Lazard UK Smaller Companies Growth, and New Court Smaller UK Companies. Edinburgh's fund is also the best performer over both three and 10 years.

There is also an indexed fund in the unit trust sector: James Capel's Trixie trust. But it has not done especially well to date; *Micropal* shows it as 48th of 66 in the sector over the year to May 1. Nigel Legge, of James Capel, says the recent rally has allowed active managers to outperform; however, he expects the fund to produce an above-average performance in the sector over the long term.

There is an automatic tendency for private investors to prefer buying "blue chips" because they know the names and products of the companies concerned. But the long-term performance of small company shares indicates that investors should not ignore the area altogether. After all, putting less than 10 per cent of your portfolio in the smallest 10 per cent of the market is actually betting against the small company sector.

Getting a fix on your income

***Scheherazade Daneshkhu** on an unsettled sector*

GILTS had an unsettled time in the UK last month, with prices generally weakening. Economic news suggested that the recovery could have started at last, bringing reduced hopes of an interest rate cut.

Jim Dunsford, director of fixed income at James Capel Fund Managers (which runs Midland's Gilt & Fixed Interest unit trust; see table), believes interest rates will fall to 5 per cent by the end of the year; this would tend to push up the price of short-dated gilts with a corresponding drop in yields. However, the government's need to find buyers for new gilts issues would conspire to push up yields and so make prices of long-dated gilts fall.

Because of this mixed outlook, Dunsford believes private investors should still invest part of their assets in a bond fund – unit trusts which invest in a portfolio of bonds to provide both income and capital growth. The initial charge on the Midland fund is 4 per cent, the annual fee is 0.5 per cent and the minimum lump sum investment is £1,000. There is a monthly savings plan for a minimum of £50 a month.

David Dyer, fund manager of Axa Equity & Law's Gilt and Fixed Interest unit trust, says investors have had two or three years of strong performance from gilts as UK interest rates have fallen. He thinks further rate cuts are unlikely but, with the average yield of a 10-year gilt at 8 per cent and the headline rate of inflation at 1.9 per cent in the year to March, "investors are still enjoying a very attractive real return." The Axa fund has a 5.5 per cent initial charge, a 1 per cent annual charge, and a minimum investment of £1,000.

■ The market for permanent interest-bearing shares (Pibs) – fixed-interest shares issued by building societies to raise capital – was broadened this month with a new issue by First National, Ireland's second-largest building society. The shares are not classified as qualifying corporate bonds under UK law and, unlike other Pibs, are liable to capital gains tax.

Hoare Govett, which helped launch the issue, says: "The Irish housing market did not suffer a price boom in the 1980s and so there are very low rates of repossession and arrears, resulting in a building society that is much more stable than its UK counterpart. Even so, when assessing this stock to a comparable UK building society Pibs' issue – for example, Newcastle – there is still a yield pick-up of more than 1 per cent."

Largest 10 UK bond funds

Fund	Size (£m)	Yield (%)	Perf*
Barclays Uni Gilt & Fxd	129.7	8.7	50.0
Axa Equity Gilt & Fixed	74.6	6.3	50.2
Midland Gilt & Fixed	62.1	6.9	44.6
Whittingdale Sht Dated	44.9	0.0	38.2
TSB Premier Income	43.4	6.7	47.0
CU Preference Share	38.0	7.4	39.9
Kleinwort Benson Gilt	36.1	7.5	43.3
M&G Gilt Income	34.5	8.1	42.0
ManuLife Gilt & Fixed	31.3	7.7	51.9
Fidelity Gilt & Fixed	25.0	7.8	48.3
Sector average	15.7	6.7	40.9

*Source: Micropal. # As of May . * Offer-to-bid with net income reinvested over three years to May 1. Funds without three year record are excluded.*

Permanent Interest-Bearing Shares

Stock	Coupon (gross %)	Minimum (£)	Issue date	Issue price (pence)	Price* (pence)	Yield* (gross, %)
Bradford & Bingley	13.00	10,000	30/9/91	100.20	124.25	10.46
Bradford & Bingley	11.63	10,000	29/6/92	100.13	110.75	10.49
Bristol & West	13.38	1,000	11/12/91	101.79	117.25	11.37
Bristol & West	13.38	1,000	31/10/91	100.34	117.25	11.37
Britannia (1st)	13.00	1,000	13/1/92	100.42	118.75	10.94
Britannia (2nd)	13.00	1,000	8/10/92	107.13	118.75	10.94
Cheltenham & Gloucs	11.75	50,000	21/10/92	100.96	110.50	10.63
Coventry**	12.13	1,000	28/5/92	100.75	112.25	10.80
First National	11.75	10,000	4/5/93	100.25	100.75	11.60
Halifax	12.00	50,000	23/1/92	100.28	117.50	10.21
Leeds Permanent	13.63	50,000	3/6/91	100.00	129.50	10.62
Leeds & Holbeck	13.38	1,000	31/3/92	100.23	122.00	10.96
Newcastle	12.63	1,000	8/9/92	100.45	120.75	10.46
North of England	12.63	1,000	23/6/92	100.14	119.75	10.54
Skipton	12.88	1,000	27/2/92	100.48	113.50	11.39

*Source: Hoare Govett. *Purchase price as at May 12 close; excludes accrued interest **Includes stamp duty payable on Coventry pibs only*

FINANCE AND THE FAMILY

Risk and reward in new futures fund

TWO YEARS after regulators opened the doors to geared futures and options unit trusts, the first geared futures and options fund (GFOF) is ready for presentation to the British public. The Govett Geared UK Index fund, to be launched on Monday, aims to double every capital movement in the FT-SE 100 index of UK stocks by using futures contracts to provide gearing.

The "gearing" means that the fund buys FT-SE index exposure, which is twice the value of the property of the fund. Any gains, but also any losses, are magnified by a factor of two. If the index were to fall 50 per cent overnight, the fund would fall 100 per cent and you would lose all your money (although, as with all unit trusts, you cannot lose more than your initial investment). If the index fall was spread over a longer period, losses would be smaller.

The minimum investment of £5,000 means the fund is available to both retail and institutional investors. This worries some in the unit trust industry; they feel that such highly-geared funds are too dangerous for retail investors. Such a fund should, they say, be contemplated only as part of a large, diversified portfolio.

The fund also differs from most other unit trusts because there is no active management team; in that sense, it is comparable with the recent spate of FT-SE index tracking funds. The initial charge is 5¼ per cent (with a maximum permitted charge of 7½ per cent). An annual charge of 1 per cent is deducted from the fund's income.

Futures and options funds (FOFs), of which only a handful have been launched, can invest up to 10 per cent of their assets in derivative products, but the riskier GFOFs can have up to 20 per cent of their assets in futures and options. Govett already has raised $130m through a series of futures and options funds which use futures contracts but are not geared.

Tracy Corrigan

Revenue squeeze on pension plan abuses

BRITISH tax authorities are taking a hard look at what goes into and out of pension schemes – particularly the small, self-administered type which caters for the retirement future of top executives.

Robert Lusk, controller of the Inland Revenue's pension schemes office (PSO) told the National Association of Pension Funds this week that the PSO aimed to audit an additional 2,000 schemes this year. In addition, it would expand its audits beyond the small, self-administered schemes (SSASs) – which account for the majority of tax abuses – into slightly larger ones.

In January 1991, the PSO set up a compliance unit to monitor how pension schemes adhered to the relevant tax laws. So far, 3,700 audits have begun, nearly half of them of SSASs for fewer than 12 people and most of the other half covering schemes administered by insurance companies. Of these, 2,400 have been completed.

The unit has found "unsatisfactory" features in a quarter of them, mostly in the form of benefits paid out which exceeded Revenue limits. "We have identified over £1m paid out in excessive lump sum benefits," Lusk noted.

Inland Revenue limits cap the tax-free lump sum retrievable upon retirement to a quarter of the lump sum value of the pension. In too many cases, Lusk indicated, the overpayments appeared to be deliberate. "We see examples of manipulation in areas where it is difficult to believe it is anything other than manipulation."

One common example was under-reporting pension benefits. A senior executive coming into a company at age-40 might indicate that he had no prior pension anywhere; this allowed him to accrue pension up to Revenue limits at his new place of employment.

Lusk said: "Perhaps 20 years ago, it might have been quite common for someone in middle age to join a scheme, having had no previous pension provision of any kind. But I would suggest that someone claiming the same now might at least merit a follow-up question."

In particular, Lusk said, the Revenue was concerned by the number of cases it found of vast over-payment into insured schemes. "We have plenty of evidence that significant over-funding of insured schemes and arrangements is commonplace. When challenged, some insurers even admit that, in money purchase schemes, no checks are done until the member actually retires." Several companies had been identified as persistent abusers.

In considering how to deal with tax abuse of pension schemes, Lusk suggested that a new range of penalties should be enacted. Present ones either were too lenient or too harsh and individuals simply were forced to pay the tax they should have paid in the first place, or the tax status was revoked from the scheme itself. "Withdrawal can have a scatter-gun effect, which means that it is not always the right weapon to use where there has been a failure of administration," he added.

Norma Cohen

Health boost

A NEW RANGE of private health insurance plans has been launched by Clinicare and a French insurance group, Strasbourgeoise Assurance Mutuelle. Consumers will be offered three types of plan (in descending order of cover): Carte Blanche, Classic and Club.

Clinicare claims the top-of-the-range Carte Blanche breaks new ground in the range of treatment covered. As well as hospital care, it pays for prescriptions and GP fees as well as dentists' and opticians' charges. Alternative medicine is also available.

The Classic plan is closer to the industry norm, says Clinicare, whereas Club offers in-patient cover but excludes benefits such as nursing at home and physiotherapy. Clinicare also says it will offer some policy-holders cover for pre-existing conditions if they pay an additional premium. But it will not be offering this facility to patients with life-threatening conditions – such as Aids.

Carte Blanche, for a married man aged 40-44 with two children, varies from £1,598 to £2,526 a year depending on the hospital; the Club plan would cost between £763 and £1,315.

These launches confirm an industry trend to offer an ever-wider choice of plans, although this makes it more difficult to compare the costs of schemes.

Philip Coggan

The Week Ahead

MARKS AND Spencer, the UK food and clothing retailer, is expected on Tuesday to announce a rise in pre-tax profits from £627.2m to between £710m and £730m. The average forecast of about £725m represents an increase of 16 per cent, but last year's figures were reduced by exceptional redundancy costs of almost £50m. Stripping these out, the profits increase is likely to be between 7 and 8 per cent, reflecting a considerable pick-up in sales in the second half thanks partly to M and S's "outstanding value" promotions.

Storehouse, which includes the BhS and Mothercare chains, should report pre-tax profits on Thursday of about £13m to £15m, after exceptional items. As these are mainly one-off costs relating to disposals aimed at streamlining the business, analysts expect the City to pay more attention to the pre-exceptional figure, forecast at £40m-£45m (£15.8m).

Hanson, the Anglo-US conglomerate, is expected to report on Tuesday pre-tax profits of £500m for the six months to March 31. This compares with £488m under the old accounting rules which stripped out extraordinary items.

Half year profits have been helped by around £25m of exceptional profits relating to disposals, the depreciation of sterling against the dollar and a good result from Cavenham Forest Industries in the US.

Whitbread, opening another round of brewers' results on Monday, is expected to report pre-tax profits little changed from last year at around £222m. Volume growth for the group's beer brands is likely to be offset by margin pressures and increased marketing expenditure; but improved first half trading by the retail division has been maintained.

Full year results from Allied-Lyons on Tuesday should show profits up from £610m to £618m, at the top end of market forecasts. The group's leading spirits brands have achieved further growth and on the retailing side, Victoria Wine and Dunkin' Donuts have had a good year.

Bass, on Wednesday, is expected to report a 5 per cent fall in interim profits to £245m against a restated £259m. Brewing profits are likely to show little change and retailing is still suffering from the reduction in pub numbers. Holiday Inn profits will benefit from the upturn in the US.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Aberdeen Pet.	17*	17¼	16	6.39	Pittencrieff
Bedbuild Dev.	86*	87	78	3.68	Philip Shapiro
Brabant	58*	58	44	9.72	EDC
Buckingham	2¾*	6¾	4⅛	3.31	Purfleus
East Worcester	2432*	475	475	26.30	Severn Trent
East WorcesterN/V	1920*	325	325	2.40	Severn Trent
Erskine House	90*	90	34	64.70	Alco Standard
Gabicci ‡	46	44	41	5.28	Helene
Hoskyns	469*	58	464	433.00	Cap GeminiSogeti
Kirkland AS	562§	400	-	21.61	Oliver Resources
Lee (Arthur)	157	155	136	52.75	Carclo Eng'g.
Savage	79 ††	77	71	47.2	McKechnie
TIP Europe	42*	41½	26½	71.0	GE Capital
Teredo Pet.	6	6	5	1.87	Cairn Energy
Thames TV	200*	198	175	99.00	Pearson

*All cash offer. ††Cash alternative. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 14/5/93. ‡‡Shares and cash. ¶Price at suspension.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abtrust New Thai	InTr	Feb	265	(301)	1.23	(1.44)	1.0	(1.0)
Airlines of Britain	n/a	Dec	834	(2,100)	-	(-)	-	(-)
Bank of Ireland	Bank	Mar§	124,000	(70,300)	13.7	(4.5)	9.83	(9.17)
Barlo Group	Ind	Mar§	3,900	(1,800)	3.65	(3.04)	0.5	(-)
BDA Holdings	Prop	Jan	1,160 L	(18)	-	(0.1)	-	(-)
BIS	n/a	Dec	8,700‡	(1,000 L‡)	-	(-)	-	(-)
Body Shop Int'l	Strs	Feb	21,500	(25,200)	7.4	(8.8)	1.7	(1.6)
British Telecom	TeNt	Mar	1.97bn	(3.07bn)	19.8	(33.2)	15.8	(14.4)
Contra-Cyclical	InTr	Mar	1	(1)	13.92	(13.94)	12.75	(11.25)
Cooper Clarke	BldM	DecΨ	203	(126)	2.6	(4.1)	-	(-)
Crean (James)	Ind	Dec§	15,400 L	(11,400)	-	(15.0)	12.5	(18.34)
Danka Business System	Misc	Mar	17,500	(10,700)	42.2	(26.9)	4.6	(3.75)
DS (UK)	n/a	Jan	1,110	(-)	-	(-)	-	(-)
Donelon Tyson	C&C	Dec	1,600	(3,100)	2.4	(4.6)	1.2	(1.2)
Fine Art Development	Strs	Mar	34,400	(29,700)	30.3	(25.4)	12.75	(11.0)
Finlay (James)	FdMa	Dec	10,100	(8,950)	4.7	(4.9)	4.15	(4.15)
Finsbury Tst	InTr	Mar	1,120	(1,010)	3.6	(3.2)	3.2	(3.0)
Goldsmiths Group	Strs	Feb	48	(1,290 L)	0.12	(-)	0.3	(1.8)
I&S UK Smaller	InTr	Mar	973	(499)	3.59	(4.03)	2.8	(2.0)
Jarvis	C&C	Dec	3,720 L	(238)	-	(0.8)	-	(0.57)
Land Securities	Prop	Mar	233,400	(227,500)	33.7	(32.6)	22.85	(21.75)
London Atlantic	InTr	Mar	2,020	(1,830)	3.33	(3.06)	3.07	(2.85)
Maddox Group	Elec	Dec	1,130	(311 L)	0.39	(-)	-	(-)
McLaughlin & Harvey	C&C	Dec	6,800 L	(5,400 L)	-	(-)	-	(-)
Oriel Group	InBk	Dec	74 L	(2,440)	-	(11.0)	5.0	(5.0)
Parkland Textile	Tex	Feb	519 L	(2,170 L)	-	(-)	2.0	(2.0)
Personal Assets	InTr	Apr	509	(359)	243.0	(167.0)	180.0	(160.0)
PEX	Tex	Jan	908 L	(278 L)	-	(-)	-	(-)
Pittencrieff	O&G	Dec	4,500	(3,500)	15.6	(18.4)	7.0	(5.8)
Prowting	C&C	Feb	4,870 L	(17,700 L)	-	(-)	-	(-)
Radiotrust	InTr	Jan	113†	(127†)	-	(-)	-	(-)
REA Holdings	MeBk	Dec	619	(883)	4.3	(4.1)	2.0	(4.0)
Sainsbury (J)	FdRt	Mar	732,800	(628,000)	28.5	(25.7)	10.0	(8.75)
Select Appointments	BsSr	Dec#	2,530 L	(1,800 L)	-	(-)	-	(-)
Sketchley	BsSr	Apr	3,110	(6,020)	4.9	(7.8)	3.0	(3.0)
Sleepy Kids	H&L	Oct	356 L	(156 L)	-	(-)	-	(-)
Time Products	BsSr	Jan	9,300	(7,610)	12.6	(9.74)	7.95	(7.5)
Walker (JO)	BldM	Dec	402 L	(487 L)	-	(-)	-	(-)
Warner Howard	BsSr	Feb	6,240	(5,700)	18.74	(17.16)	6.5	(5.8)
Whitbread Inv	InTr	Mar	10,500	(9,500)	16.6	(15.0)	16.5	(15.0)
Wood (John)	n/a	Dec	18,500	(16,900)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
API	PP&P	Apr	1,960	(1,340)	3.35	(3.05)
Avon Rubber	Mtrs	Apr	5,010	(4,100)	5.0	(5.0)
Berisford Int'l	FdMa	Mar	400	(57,400 L)	-	(-)
Bibby (J)	Cong	Mar	6,450	(17,300)	2.0	(2.85)
Burton Group	Strs	Feb	24,700	(21,800)	1.0	(1.0)
Chemex Int'l	Chem	Mar	94 L	(65 L)	-	(-)
EIT Group	Elec	Sept	950 L	(99 L)	-	(-)
Euromoney Pubs	Med	Mar	5,940	(4,620)	10.5	(8.0)
Gartmore European	InTr	Mar	64 L	(24)	-	(-)
General Accident	InCp	Mar©	41,900	(29,000 L)	-	(-)
Glasgow Income	InTr	Mar	480	(531)	1.2	(1.2)
Grand Metropolitan	B&D	Mar	416,000	(394,000)	4.85	(4.6)
Great Western Res	O&G	Mar♦	2,030 L	(13,600 L)	-	(-)
Greenalls Group	B&D	Mar	25,700	(23,400)	5.08	(4.84)
Holmes & Marchant	Med	Mar	299	(715 L)	-	(-)
Hunterprint	PP&P	Mar	330	(3,850)	-	(-)
Huntingdon Int'l	H&H	Mar	984	(6,950)	0.875	(0.875)
Jessups	Mtrs	Feb	160	(189)	1.5	(1.5)
Ossory Estates	Prop	Dec	17,400 L	(1,520)	-	(-)
PWS Holdings	InBk	Mar	2,070	(2,070)	1.5	(1.5)
Royal Dutch/Shell	O&G	Mar©	945,000♥	(769,000♥)	-	(-)
Scottish Value Tst	InTr	Mar	443	(277)	85.0	(80.0)
Sea Containers	Tran	Mar©♦	7,500♦	(3,700 L♦)	-	(-)
Shaftesbury	Prop	Mar	344	(1,270 L)	-	(-)
Sidlaw Group	O&G	Mar	4,600	(4,600)	4.25	(3.75)
Tomkinsons	Tex	Apr	430	(384)	3.5	(3.5)
Vaux Group	B&D	Mar	9,660	(9,210)	3.25	(3.25)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. Ψ = Last years figures for 8 months. † = Total income. ‡ = Operating profit/loss. # = Last years figures for 9 months. © = 1st quarter figures. ♦ = Figures quoted in US dollars. § = Figures quoted in Irish pounds & pence. ♥ = Net profits. ♦ = Net income.

RIGHTS ISSUES

Avon Rubber is to raise £22.5m via a one-for-four rights issue at 440p.
Jarvis is to raise £2.35m via a one-for-one rights issue at 14p.
Osprey Communications is to raise £1.3m via a one-for-three rights issue at 25p.
Sheffield Insulations is to raise £50m via a 3-for-2 rights issue at 135p.
Sleepy Kids is to raise £1.2m via a rights issue at 18p.
United Drug is to raise I£4.47m via a 1-for-5 rights issue at 173p.
Zeneca is to raise £1.3bn via a five-for-sixteen rights issue at 600p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Baring Securities Emerging Mkts Index has launched a placing of up to 10m ordinary shares at $10.50.
Division Group is to join the Stock Market via a placing of 15.4m shares at 40p.
Drew Scientific is to raise £7m via its planned stock market placing at 110p.
Fleming Claverhouse is to raise up to £100m via an offer of conversion shares.
Int'l Bioremediation Services is to raise £752,000 via a placing of 2.02m shares at 47½p.
Lowndes Lambert is to raise £6m via a placing of 1.79m shares at 335p.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Airflow Streamlines	Mtrs	Thursday	-	0.1	1.0
Allied Lyons	B&D	Tuesday	6.65	13.35	6.95
Baring Stratton Inv Tst	InTr	Monday	-	1.7	-
Baris Holdings	C&C	Wednesday	-	-	-
Berry Birch & Noble	InBk	Monday	1.0	2.2	2.0
British Airways	Tran	Tuesday	2.94	7.24	3.08
British Inv Tst	InTr	Monday	9.5	13.0	1.9
Chamberlin & Hill	M&MF	Wednesday	1.75	4.25	1.75
Drayton Blue Chip Tst	InTr	Thursday	2.9	6.49	2.9
Drayton English & Int'l Tst	InTr	Thursday	0.6	0.6	0.6
El Oro Mining & Exploration	OtFn	Wednesday	-	24.0	24.0
Elswick	PP&P	Tuesday	0.22	-	0.15
Exploration Co	OtFn	Wednesday	-	12.0	12.0
Ferguson Int'l	PP&P	Thursday	4.25	8.25	4.25
Foreign & Colonial German	InTr	Monday	-	0.4	-
French Connection	Strs	Thursday	-	-	-
Gates (Frank G)	Mtrs	Wednesday	-	2.25	-
Gerrard & National	OtFn	Thursday	8.0	15.0	8.0
Govett American Smaller Co	InTr	Monday	-	-	-
Hartlepools Water	Watr	Tuesday	21.0	29.0	22.0
Hartons Group	Chem	Monday	-	-	-
King & Shaxson	OtFn	Thursday	2.5	2.5	4.0
Land Securities	Prop	Wednesday	6.0	15.75	6.3
Marks & Spencer	Strs	Tuesday	2.1	5.0	2.2
Martin Currie European Inv	InTr	Thursday	-	0.2	-
Merchant Retail	FdRt	Thursday	1.1	-	0.35
Mezzanine Capital & Income	InTr	Friday	-	-	-
M&G Recovery Inv Tst	InTr	Wednesday	-	-	-
New Throgmorton Tst	InTr	Thursday	-	-	-
Ocean Wilsons	Tran	Friday	0.75	-	1.0
Ryan Hotels	H&L	Monday	-	-	-
Scottish Power	Elec	Thursday	3.38	6.75	3.72
Smith St Aubyn	n/a	Thursday	-	-	-
Stannin	BdMa	Thursday	0.1	0.2	0.1
Storehouse	Strs	Thursday	2.5	2.5	2.5
Westbury	C&C	Thursday	3.25	5.75	1.75
Whitbread	B&D	Monday	4.56	12.4	4.75
Worth Inv Tst	InTr	Friday	-	0.1	-
York Waterworks	Wat	Thursday	2.8	5.7	3.05
Young & Co Brewery	B&D	Wednesday	7.0	7.5	7.0
INTERIM DIVIDENDS					
Acatos & Hutcheson	FdMa	Wednesday	2.5	4.0	-
Albion	Tex	Friday	1.2	1.8	-
Anglo Irish Banks	Bank	Wednesday	1.38	2.0	-
Archimedes Inv Tst	InTr	Tuesday	-	-	-
Baggeridge Brick	BdMa	Wednesday	0.75	2.37	-
Bass	B&D	Wednesday	5.25	13.65	-
BOC Group	Chem	Tuesday	11.0	11.0	11.6
British Gas	O&G	ThursdayΨ	6.4	7.8	-
Commercial Union	InCp	WednesdayΨ	9.25	15.1	-
Compass Group	H&L	Wednesday	4.19	8.11	-
Concentric	Eng	Tuesday	3.54	7.63	-
Diploma	Elec	Tuesday	2.75	7.0	-
Dunedin Worldwide Inv	InTr	Wednesday	2.4	7.1	-
Fenner	Eng	Tuesday	1.7	2.5	-
Foreign & Colonial Eurotrust	InTr	Monday	-	1.23	-
Group Development Cap Tst	InTr	Wednesday	-	0.3	-
Hanson	Cong	Tuesday	2.75	2.75	2.85
Hunterprint Group	PP&P	Thursday	-	-	-
Kunick	H&L	Thursday	-	-	-
Leeds Group	Tex	Wednesday	3.5	7.5	-
M&G Group	OtFn	Monday	9.0	11.0	-
M&G Income Inv	InTr	Wednesday	-	-	-
New Zealand Inv Tst	InTr	Wednesday	0.5	0.6	0.5
Richards	Tex	Friday	1.07	2.93	-
Sedgwick Group	InBk	TuesdayΨ	3.0	3.0	-
SEP Industrial	Eng	Monday	0.3	0.35	-
Southern Radio	Med	Thursday	-	0.794	-
Willis Corroon	InBk	WednesdayΨ	3.3	1.85	-
Wolverhampton & Dudley	B&D	Friday	4.3	7.1	-
Yorkshire Tyne Tees	Med	Tuesday	3.3	8.7	-
Young (H)	Misc	Tuesday	2.0	1.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Ψ = 1st quarter figures.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

Doing the splits

The great leap forward

Split capital trusts are investment trusts with several different classes of share, designed to appeal to as many investors as possible. They can be highly tax-efficient, but they can also be risky and confusing. In a new series, *PHILIP COGGAN* will examine the structure and records of some of the leading split trusts

IN 1987, River & Mercantile made a leap into the unknown. It was one of the first big trusts to create the modern fashion for a split capital structure. Its success has allowed its managers to offer a range of similar trusts and enabled the trust to expand via a rights issue in 1991.

The trust was founded in 1881 as the River Plate Trust and Loan Agency Company to finance the development of the pastoral industry in Argentina. The name change to River & Mercantile occurred in 1962 but the company did not formally become an investment trust until 1975.

After more than a decade as a UK income trust, the change to split capital status was aimed at eliminating the discount to net assets, a problem that plagued all investment trusts in the 1980s. Since the package of shares currently stands at a premium to asset value six years later, the move must be counted a success.

As with a conventional investment trust, the assets of a split capital trust are invested in shares and other securities. What makes a split different is that the rights over those assets are divided in unconventional ways. The earliest type of structure was to give all the revenue to one class of shareholder and all the capital growth to the rest. But there are infinite possibilities and investors need to be clear what they are buying.

In the case of River & Mercantile, there are *four* classes; preference, stepped preference, income and capital, plus warrants on the capital shares.

There is a fairly small amount of preference shares in issue, which pay a fixed rate of 5 per cent. The other three classes of shares are really the key to the trust. The stepped preference shares have the right to receive a 5 per cent annual increase in dividend, plus a 5 per cent increase in asset backing. The repayment value of the shares, when the trust is wound up in 1999, is scheduled to be 188.6p. At the end of 1992, the net assets per stepped preference share were 134.01p. The initial price in 1987 was 100p.

The dividend for 1992 was 5.36p and for the current year, it will be just under 5.63p. At a price of around 149p, the shares are on a yield of around 4.7 per cent.

Someone who buys a stepped preference share is therefore buying a relatively safe security – one which will not make them rich but which will allow for steady dividend growth.

The income shares have the right to the revenue of the trust after the preference and stepped preference shareholders have been paid. Dividends are paid quarterly and for 1992, the total dividend was 9.2p. Antony Foucar, the chairman, says the board intends to maintain that dividend this year.

The shares were initially priced at 100p and have the right to be repaid at 100p on the wind-up date in 1999. However, the *income* shares will only be repaid after the preference and stepped preference shares have their entitlement.

Any income-seeking investor needs to be aware that buying the shares at the current price (around 115p) involves locking in a capital loss. The flat yield looks attractive at 10 per cent, but if the dividend fails to grow between now and 1999, the gross redemption yield (which allows for both income and capital loss) falls to 9.7 per cent, according to analyst Lewis Aaron at SG Warburg.

However, potential capital loss on those income shares is much smaller than on many other trusts in the sector. This safety element means the yield on these shares are lower than on many other income shares in the split sector, says Aaron.

The capital shares receive no revenue but are entitled to all the assets of the trust after the preference, stepped preference and income shares have been repaid. The asset value on May 7, assuming the other classes of shares are repaid in full, was 59p, compared with a share price of 74p. On the current entitlements of the other shares, the net assets per capital share are 172p.

This discrepancy is one of the problems for investors who want to buy capital shares. In the back pages of the Financial Times, capital shares appear to be at enormous discounts to asset values – over 50 per cent in the case of River & Mercantile's capital shares. To the casual observer, they might seem as if they are fantastic bargains.

But these discounts cannot be judged in the same way as those which apply to conventional investment trust shares. The steady increase in the claims of the other shares are like termites nibbling away at the foundations of the capital shares. The trust needs to grow merely for the asset value of the capital shares to stand still.

In the case of the River & Mercantile trust, the assets of the trust need to grow at around 0.5 per cent per annum to repay the current share price and at 3.3 per cent per annum for the investor to earn the stated net asset value of 172p per share.

In short, the capital shares are a highly geared play on the success of the managers in growing the trust. A small difference in annual percentage performance can result in an enormous difference in the eventual return to the capital shareholders.

If the assets of the trust grow at 2.5 per cent per annum, the capital shares will offer a 10.66 per cent annualised return, according to Warburg's Aaron. At 5 per cent asset growth, that return increases to 18.9 per cent. Iqbal Assam, split capital specialist at brokers Olliff & Partners, sees R&M's capital shares as among the most attractive in the sector.

The warrants entitle the holder to buy one capital share at 249p. Obviously, with the capital share price at 75p, a lot of growth is needed for the warrants, currently at 11p, to be worth exercising.

The structure of such a trust is obviously important, but in the end the success or failure of the trust must depend on the assets in which the manager invests.

The portfolio yield is around 6 per cent to 6.3 per cent, says manager Piers Godfrey, the equivalent of around 150 per cent of the yield on the All-Share. Achieving that yield by buying ordinary shares would involve buying some high risk stocks, so Godfrey has around 20 per cent of the portfolio in fixed interest securities, mainly preference and convertible preference shares.

The ordinary shares in the portfolio fall into three segments, according to Godfrey. The main element is a core of high yielding stocks, such as the utilities. Then Godfrey will buy recovery and cyclical stocks for the upturn – but these are not shares which he would hold for long periods. Finally, he will buy a limited portion of growth stocks, where faster-than-average dividend increases are expected.

The ten largest holdings in the portfolio are: BT, BAT, British Gas, National Westminster, Shell, Fisons, General Accident, Smith & Nephew, BICC and P&O.

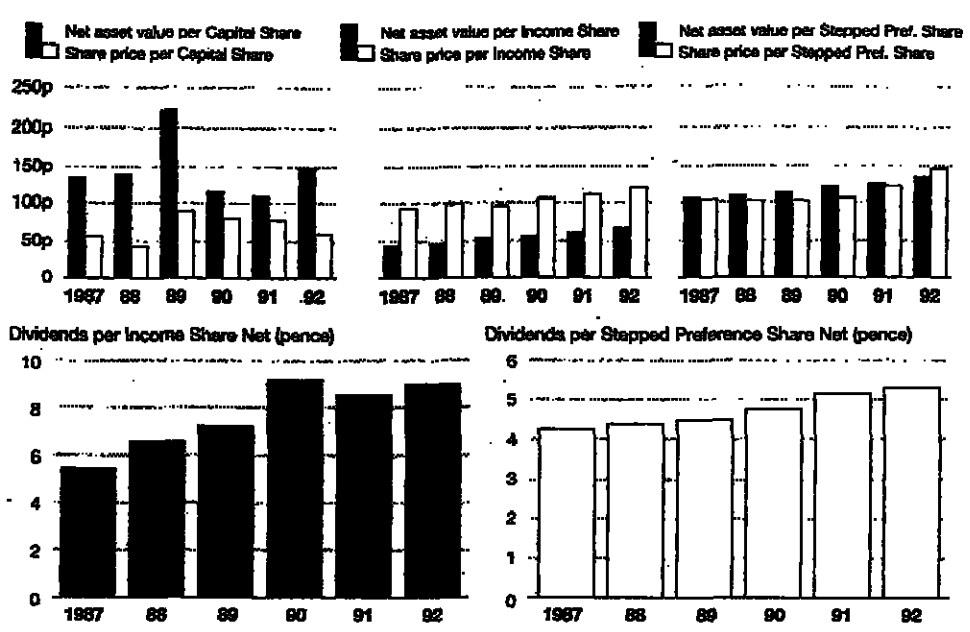
"The share price has never really recovered from the rights issue two years ago but it has delivered the goods in terms of asset performance," says Warburg's Aaron.

With a high-yielding portfolio, River & Mercantile has benefited from the post-devaluation recovery. But manager Piers Godfrey accepts that, because of the need for UK corporates to rebuild cover, there may be little scope for dividend growth on the income shares in the short term.

■ **Key facts.** The trust has assets of £178m and a market capitalisation of £180m, so the overall package of shares stands on a slight premium. The quarterly fee paid to the managers is the higher of 1.25 per cent of the gross annual revenue plus 0.05 per cent of the value of the investments, or £117,500, together with one quarter of the dealing profits of R&M Securities.

■ **Board.** Antony Foucar, chairman, is the former chairman of insurance brokers John Plumer. Philip Macpherson is deputy chairman of Misys and an investment banking adviser to Baring Brothers. The other two directors are River & Mercantile employees, Piers Godfrey and Vivien Gould.

■ **Savings scheme and Personal Equity Plan details.** There is no savings scheme, except via the Pep. The River & Mercantile group, which manages several investment trusts, offers a variety of Peps. The stepped preference and income shares of the main River & Mercantile trust are available in an income Pep; the capital shares in a growth Pep. The initial charge on these plans is 4 per cent plus VAT and the annual charge is 1 per cent plus VAT. Minimum investment is £3,000 or £250 per month. R&M also offers actively managed Peps which invest in all its trusts.



Piano men hit wrong chord

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

FOLLOWING the death of my eldest brother, my surviving brother was appointed executor of the estate and decided to dispose of some furniture, starting with the piano. A professional piano restorer paid cash and took it away.

In moving it he and his helper apparently scraped the common stairway wall in several places. The building's management company sent a bill for repairs to the solicitors administering the will and estate, who assigned £500 to cover repair costs.

I suggested to the solicitors that the restorer was to blame and should pay. After some correspondence, including threat of legal action, the restorer agreed to pay half. In law, who should be held responsible for repairing the damage? These events took place in Scotland.

■ It is clear that the executors of your brother's estate have a right of relief against the restorer and his helper. The management company is seeking full payment from the executors, but the executors can in law seek full reimbursement from the perpetrator of the damage if they can prove the removal was negligent.

The executors might not wish to incur the legal costs in trying to recover the remaining 50 per cent but, from the facts given, it would appear likely that they have grounds to do so.

Can I auction pension fund?

UPON LEAVING my previous employer, I transferred my pension into a lump sum bond with a life assurance office. This is invested in unit trusts and will provide a lump sum plus a pension for me at age-50. The sum held in units is £60,000. Can this kind of fund be auctioned? If so, how would I go about it? I am now 44 and recently lost my job. I would like to use any money realised at auction to go into business.

■ Retirement annuity policies, unlike ordinary life policies, are not assignable (an Inland Revenue requirement) and benefits can be taken only in the approved form by the person who has enjoyed the expense relief on his or her contributions.

If you wish to raise some capital to start a business, you should ask the insurance company whether it is prepared to make you a loan. Over the years, a number of insurance companies have been prepared to offer loan facilities to their pension policy-holders up to the amount that they reasonably expect to be repaid out of the tax-free lump sum which can be taken at retirement (and which, therefore, provides a guarantee that the loan will be repaid).

Working in Germany

I HAVE moved to Germany to work on a self-employed basis for an indefinite period. Should I continue to pay Class 3 voluntary contributions or would it be more beneficial to invest this money myself?

■ The decision will turn on how long you expect to remain outside the UK. If you continue working in Germany, it is probable that you will in due course be required to start contributing to the German social security system. In the interim period, payment of Class 3 contributions will keep the door open for return to the UK system. We suggest that you write, setting out your position and quoting your National Insurance number, to: Department of Social Security, Overseas Branch, Longbenton, Newcastle-upon-Tyne NE98 1YX.

FINANCE AND THE FAMILY

Working women who lose out

A simple adjustment to NI contributions can make the difference, says **Debbie Harrison**

JUST under 500,000 working women face a reduced income in retirement because they have no right to a basic state pension in their own name. Instead, they will join the ranks of the 1.5m women who are forced to rely on their husbands' National Insurance record to claim a proportion of the pension. Even this can be lost if the woman changes her marital status.

Yet, these women could improve their pension prospects by making a simple adjustment to their NI contribution arrangements. In some cases, the adjustment could even boost take-home pay.

NI is a form of tax on earnings and is levied by the government to fund a range of benefits including pensions and sickness and disability payments. Most employees pay full-rate contributions but about 460,000 working women pay a reduced rate known commonly as "the married woman's stamp."

This is an anachronism left over from a more paternalistic era when it was assumed automatically that women would be provided-for in retirement by their husbands' company and state pensions. Under the old rules, women who were married or widowed before April 5 1977 could elect to pay the reduced rate but all who started work after that date have had to pay the full rate.

The married woman's stamp was popular originally because it meant a much lower deduction from the weekly or monthly pay cheque. But, in return, these women forfeited the right to a basic and earnings-related state pension in their own names. Instead, they claim what the department of social security (DSS) calls a "category B" pension, which is worth 60 per cent of the spouse's basic state pension.

Before October 1989, there were still significant savings for most women who paid reduced-rate contributions. That year, however, the DSS restructured the NI rate bands. Since then, many women could have switched to the full rate for little or no extra cost and, at the same time, they would have started to build up a claim to the state pensions.

In fact, as the table shows, women who earn less than £76 a week will actually pay less under the full rate than they do at present under the "reduced" rate. Those earning more than £76 a week should seek advice from the DSS to find out if the benefits they will earn under the full rate before retirement will more than compensate for the higher contribution costs involved.

The decision for higher earners is less clear because of the complicated way in which an individual's entitlement to a state pension is calculated. The DSS is reluctant to give an estimate of pension rights without full details of age, sex, employment history and other factors but, generally, it takes about 40-44 years to earn the full basic state pension (which is worth £56.10 a week for the 1993/94 tax year).

If you pay contributions for a shorter period, your pension is reduced accordingly. As a rule of thumb, you need at least 10 years' full-rate contributions to qualify for the smallest proportion of the state pension, at present worth £14 a week.

Under present proposals, it is almost certain that the government will raise the female state pension age from 60 to the male age of 65. But the change will be phased in, and will not affect woman over 50. This means that they will not be able to achieve the minimum contribution period for the lowest proportion of the basic state pension.

They will, however, earn a right to a state earnings-related pension (Serps), since credits for this build up from day one. Serps is worth between 20-25 per cent of "band" earnings – that is, earnings between the lower and upper threshold for NI. For the present tax year, this means earnings between £56 and £420. Depending on when a person retires, the Serps pension will be based either on their best 20 years of earnings or on average earnings over their entire career.

If a woman takes no action to build up a basic state pension in her own right (a category A pension), she will qualify for a category B or spouse's pension under her husband's NI record. Assuming he has a full track record, the category B pension will be worth 60 per cent of the full basic state pension – that is, £33.66 a week for the present tax year.

The category B pension does not become payable until the husband reaches 65, whereas a state pension earned in a woman's own name would be payable from age 60. When the husband reaches age 65 the woman will receive the higher of the category A or B pensions but, unfortunately, not both.

National Insurance Contributions for 1993/94 tax year

Weekly earnings	Full rate NIC	Reduced rate NIC
£54	nil	£2.08
£56	£1.12	£2.16
£70	£2.38	£2.69
£76	£2.92	£2.92
£90	£4.18	£3.46
£140	£8.68	£5.39
£190	£13.18	£7.51
£250	£18.58	£9.62
£420	£33.88	£16.17

Married women and widows who pay NI contributions at the reduced rate will have a valid certificate, in most cases held by their employer. This will bear a reference: either CF383, which is a certificate of election to pay the reduced rate, or CF380A, which is a certificate of reduced liability.

To make the switch to the full rate, they should contact their local DSS, ask for form CF9, and return it together with their CF383 or CF380A certificate. But they should check their facts carefully to make sure they will benefit from the switch since, once they have made it, they cannot revert back to the reduced rate.

Those who wish to continue paying the reduced stamp should bear in mind that this right is lost if they spend more than two consecutive years out of employment. Moreover, the right is withdrawn if their marriage ends in divorce or annulment, although widows who remarry can continue to pay the married woman's stamp.

Since 1978, women who have had a career break to raise a family or look after an elderly relative have been able to claim Home Responsibilities Protection (HRP). This provides credits towards the basic state pension but does not build up a right to Serps.

For a full explanation of your state pension prospects, ask for pension form BR19 at your local DSS.

Investment Trusts

It pays to be choosy

INVESTMENT trusts are good for you – at least, nearly everyone says they are – but which one should you choose? Our series* on the sector, which ended last week, profiled some of the leading names. The rationale was that while many articles have been written about investment trusts in general, far fewer have described the activities of *individual* trusts.

Looking at the press clippings, it was surprising to find how limited was the coverage of many trusts with market capitalisations of several hundred million pounds. Some had not been the subject of an extended article for five years.

The trusts themselves do not make it very easy for the beginner investor. Many have names which reflect their 19th century roots – such as Scottish Mortgage – and which bear little relation to their present areas of investment.

The more information an investor can be given, the better. The Association of Investment Trust Companies has done a good job in this respect in recent years (and it was sad to note the death this week of Philip Chappell, one of the main driving forces behind the AITC). Some individual management groups have also produced very clear guides to their trusts.

In all, the series covered 17 trusts, ranging from the largest, Foreign & Colonial, to Pantheon International with a market capitalisation of just over £21m. And, having met such a wide range of managers, my over-riding impression was that they offer a highly professional service at a relatively low cost.

To take the extreme: investors in the Alliance trust can hire the expertise of those who run it for a fee of just 0.2 per cent of the total assets. Fees can, of course, be higher than that in the specialist sector; nevertheless, most trusts represent a very cheap way for investor to get a spread of equities, especially via the savings scheme.

Performance, of course, is more important than charges in the long run (although the latter can have a significant impact on the former). Looking at the table, the range of returns over five years varied from Bankers, with a gain of 148.9 per cent, to Throgmorton, with a loss of 4.9 per cent. But even investors most wedded to the building societies can see that many investment trusts have offered returns far higher than those available on the most attractive 90-day account.

There is nothing to say that in the next five years results will be similar, or, indeed, that Throgmorton might not outperform *Bankers*. Part of the return from some of the trusts in the table comes from a narrowing of the discount on which the shares have traded. Since many trusts' shares are now trading at asset value (or even at premiums), such a factor cannot be repeated. Discounts could widen once more.

Looking back over the range of trusts covered in the series, I would select a few for particular consideration by investors. Foreign & Colonial and the Alliance trusts are old-established, well-managed companies with low costs and excellent records. Bankers has an even better record in recent years and a manager, Michael Moule, who has proved his skill at several different trusts.

For those willing to take extra risk, the venture capital trusts covered (Electra and Pantheon) may prosper from a combination of economic recovery and a narrowing of the discounts. Two trusts, Fleming Claverhouse and TR City of London, would be worth considering if their shares were not trading at a premium to net assets. It makes little sense to pay 105p for assets of 100p when shares in other well-managed trusts are available at a discount. But Fleming Claverhouse launched a share issue this week, which could reduce this problem.

Plenty of good trusts were not covered in the series, and a stockbroker or good independent adviser should be able to guide you through the maze. For those who like to do their own research, trusts marked with the "ace of clubs" sign on the *FT*'s London Share Service pages will provide free annual reports by ringing 081-643-7181. Callers will need to state the code number which appears every day at the end of the *FT*'s share listings.

**For back copies, call 071-873-3324. Copies cost from 65p plus postage to £1 plus postage, depending on issue.*

Philip Coggan

INVESTMENT TRUST SERIES

Trust	Publ date	Market* Cap* (£m)	Nav per share (p)	Share price (p)	Yield (%)	Performance♦
TR City of London	Jan 16	256.2	130.1	134	4.4	136.8
Lowland	Jan 23	58.2	250.8	250	4.2	93.1
Edinburgh	Jan 30	781.5	296.6	266	4.0	107.5
Foreign & Colonial	Feb 6	1,166.0	237.0	222	1.9	131.4
Alliance	Feb 13	817.5	1,784.6	1,622	3.5	140.5
Second Alliance	Feb 13	272.7	1,602.5	1,420	3.2	135.0
Fleming Claverhouse	Feb 20	82.4	188.9	199	3.4	85.6
Electra	Feb 27	377.1	324.1	218	3.8	24.8
Scottish Mortgage	Mar 6	683.5	218.6	189.5	2.7	113.2
Scot Am (SAINTS)	Mar 13	308.6	160.6	138	4.0	97.1
Govett Strategic	Mar 27	233.7	270.8	238	3.5	22.8
Anglo & Overseas	Apr 3	390.6	418.0	342	2.5	89.4
Throgmorton	Apr 10	184.8	75.4	65.5	4.4	-4.9
Pantheon Int'l	Apr 17	20.6	177.7	141	2.2	133.2
Secs Trust of Scot	Apr 24	260.2	83.7	80	5.1	99.9
Bankers	May 1	230.8	154.6	149	2.9	148.9
Merchants	May 8	243.4	240.6	238	5.6	109.7

* Figures for Mkt Cap, nav per share, share price and yield taken from May 11. Nav based on NatWest Securities estimate. ♦ % growth over five years (mid-market to mid-market, with net income reinvested) to May 1. Source: Micropal.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Co-operative Bank	Pathfinder	0345 252000	Instant	£100	5.84%♦	Mly
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.75%	Yly
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	7.60%♠	Yly
North of England BS	Edinburgh	091 510 0049	Postal	£25,000	7.50%	Yly
NOTICE A/cs and BONDS						
Bradford & Bingley BS	Direct Notice	0345 247247	30 Day	£1,000	7.00%	Yly
Northern Rock BS	Postal 30	0500 505000	30 Day	£2,500	7.30%♣	Yly
Chelsea BS	Premier VIII	0800 272505	30.9.95	£10,000	9.00%♥	Yly
Woolwich BS	Investment Bond	0800 400900	90 Day	£50,000	8.00%	Yly
MONTHLY INTEREST						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	7.35%♠	Mly
Britannia BS	Capital Trust	0800 654456	Postal	£5,000	6.55%	Mly
Yorkshire BS	First Class Retn	0800 378836	Postal	£25,000	7.13%§	Mly
Chelsea BS	Premier VIII	0800 272505	30.9.95	£10,000	8.65%♥	Mly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	8.10%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 739702	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.10%	Yly
				£25,000	7.10%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	7.07%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Confederation Bank Jersey	Flexible Invest	0534 608060	60 Day	£10,000	6.75%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	8.00%	Yly
Bristol & West Intl Ltd	Intl Premier	0800 833222	6 Mth ‡	£5,000	6.55%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	5.00%	Yly
Consolidated Life FN		081 940 8343	2 Year	£2,000	5.70%	Yly
Financial Assurance FN		081 367 6000	3 Year	£5,000	6.40%	Yly
Financial Assurance FN		081 367 6000	4 Year	£50,000	6.70%	Yly
Financial Assurance FN		081 367 6000	5 Year	£50,000	7.05%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%	Yly
	Income Bonds		3 Month	£2,000	7.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. B = Bond. ♦ = Initial deposit of £5,000 or £100 per month required. ♠ = All withdrawals subject to 10 days loss of interest. Rate fixed only until 31.7.93. ♣ = Rate guaranteed until 1.7.93. § = 10% bonus of interest earned pa. providing no capital withdrawals. ♥ = rate fixed until 1.10.93. ‡ = After 6 months qualifying period. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

FINANCE AND THE FAMILY

Diary of a Private Investor

Glimmerings of a golden future

***Kevin Goldstein-Jackson** takes a modest plunge*

THE LEAFLET fluttered out of the free newspaper. A "long-established family jeweller" would be visiting an hotel near my home. It offered an "expert and discreet service" and was keen to buy gold, silver and antiques – including "large or small quantities of scrap gold or silver." The leaflet added: "Foreign and un-hallmarked gold and silver tested immediately."

So, I went to the hotel. I expected to find a small queue of people, drawn by the offer of confidentiality and the recent rise in the price of gold. After all, many retired people in the area, with modest fixed pensions, have been used to living off the interest from their bank and building society deposits. With comparatively low interest rates, would some now be forced to sell some of their heirlooms, including gold and silver items?

The hotel was quiet and there was no queue; indeed, I was the only visitor although, admittedly, I had arrived at 3.30 pm and the jeweller was due to depart at 4. I found him wrapping one of his antique purchases. He did not appear to have been very busy.

I produced a small gold bar: one tael (1.203 ounces) of fine gold, stamped with the seal of the Hang Seng bank, which had been given to me some years before. Since the gold price for the previous day had been £224.47 an ounce, I thought my bar would be worth around £270.

The jeweller took it, produced a pair of electronic scales and weighed it. Then he scrutinised it through an eye glass. "Just one moment," he said. "I'll have to check the price." He left the room.

On his return, he told me: "I can give you £230 for it. The price of gold will go down tomorrow."

Looking at my disappointed face, he added: "Well, maybe you would like to think about it. I'm back here again next week."

I thanked him, took my bar and departed. The next day, I checked the paper for the gold price. It turned out that the morning "fix" before I saw the jeweller had been £224.823 but the afternoon price was *up*, at £226.343.

I thought a dealer spread of more than 14 per cent was a bit much, although I appreciated that he probably would had had to sell the bar to another dealer who would have taken a profit as well. Compared with "mark-ups" on ordinary goods sold in shops, I suppose it ought to have been considered a good deal. But I then 'phoned Spink and Son in London.

One of its dealers offered me 95 per cent of the spot gold price if I brought in the bar for examination. The dealer said that because Spink had a high turnover in gold bullion and coins, it could afford to work on smaller margins.

I asked if I could get an even better deal if I had a number of gold bars instead of just one. The dealer replied: "If you walked in with a couple of kilo bars, we would try to get closer to the spot price."

In fact, I do have a number of gold bars although, unfortunately, each of them weighs one tael rather than a kilo. I bought most of them in Hong Kong in 1985 and they have been in a bank vault ever since.

With all the recent publicity about gold purchases by George Soros, the influential financial speculator, and the subsequent jump in its price, one might imagine that my bars have proved a very profitable investment. In fact, the reverse is true.

In spite of the recent price rise, gold has still not quite reached the price I paid in 1985. And, of course, this investment pays no interest and no dividends. Compared with what I could have earned from cash on deposit or from shares, my gold has been a very poor performer.

"But," say the pundits, "if George Soros buys gold, it must be a good investment. Look how much he made last September by correctly judging the currency markets and seeing that the pound would, effectively, be devalued."

But Soros is also the first to admit that he did not escape the effects of the 1987 stock market crash. No one can be right all the time.

Also, it appears to me that Soros is more of a "dealer" than a long-term holder. There is nothing wrong with that, but it does concentrate one's mind on a rapid exit route should Soros decide suddenly to sell.

So, I am keeping my gold for the time being. Not because of Soros, but because of what appears to be an increasingly unsettled world. I also tend to share some of the views of Sir James Goldsmith about certain western economies and their approaches to monetary problems.

Most of all, though, what makes me at least a short-term holder of gold is the increasing demand for this precious metal in the Far East.

For one thing, Japan is likely to issue numerous gold coins to commemorate the wedding of Crown Prince Naruhito. And the Chinese have long had a respect for gold; demand from them is likely to rise substantially as the numbers of entrepreneurs increase.

There are also rumours that the former Soviet Union countries no longer have stockpiles of gold and that their mines are working at reduced capacity. With corruption rife, almost anything could happen.

Gold remains a rare commodity. Because it is so dense, its weight is surprising: it has been claimed that all the gold ever mined (around 110,000 tonnes) could still fit into a five-bedroom detached house.

As well as being used in jewellery and dentistry and as a useful, easily-portable international "store of value," gold also has uses in electronics. So, I expect demand for it in the short term to remain high. While this does not mean I am rushing out to buy more of it, I have increased my personal pension fund's holding in Lonrho.

As I mentioned in my article on May 1, I decided to take another look at that company in the light of its sale of the *Observer* newspaper, and its 45 per cent stake in Ghana's huge Ashanti gold mine. On May 4, I took the plunge and bought more Lonrho shares, paying £1 each.

According to Lonrho's annual report, the Ashanti mine "remains on target to produce 1m ozs" of gold by 1995-96 – up from 654,000 ozs in 1992. The company also has important gold production interests in Zimbabwe.

I hope, therefore, that my investment in Lonrho will also have a golden future.

BES investors face threat to tax relief

MORE THAN 55,000 investors in loan-back business expansion schemes stand to lose tax relief if proposals for an amendment to the Finance Bill are enacted.

Michael Stern, Conservative MP for Bristol North West, proposed this week that an investor in a BES where shares were issued after December 31 1992 should lose relief on a loan taken up after June 30 this year. "This would be retrospective legislation of the worst possible kind," said John Spiers, of BESt Investment. "It would be devastating."

Loan-back schemes allowed investors an exit from their investments after six months and were introduced in September to attract more investment. The majority of business expansion schemes issued this year have been loan-back, and Spiers estimates £556m has been raised by some 55,000 investors since the beginning of January. They get tax relief at their highest marginal rate, and loan-back schemes depend on this relief in order to work.

By offering these loans after six months – typically, of 75p for every £1 invested – banks and building societies gained cheap finance. Top-rate taxpayers benefited since, effectively, they invested only 60p for every £1 received by the institutions.

Schemes where shares were issued after midnight on March 15 were abolished by the chancellor in the Budget. But Stern's proposal would make loans on all the BES companies launched in the busiest period of the year – from January until the chancellor's Budget deadline – ineligible for tax relief.

Mavis Seymour, BES tax specialist at accountants Stoy Hayward, said: "People who applied for shares did so because they thought there would be no loss of BES tax relief if the loan was taken. Someone who invested their redundancy money would have had every reason to suppose that the law would not change."

Stern has also proposed another change which would make loans received in these schemes liable to capital gains tax, and BES sponsors this week expressed surprise and alarm at the proposed amendments.

"We are all very concerned about it," said Tim Heaton, business development manager of Close Brothers, the second-largest sponsor of loan-back schemes. "Stern is trying to put the kybosh into these schemes even more than was originally envisaged." Ross Macdonald, partner at Neill Clark, added: "I'm totally against Stern's proposals because investors invested on the basis of the law as it stood. It would be disappointing – to put it mildly – if this went through."

Stern's proposals, if selected for debate, would not be discussed for several weeks and the Finance Bill is not expected to be enacted before the end of July.

Meanwhile, National Westminster bank and BZW, the securities arm of Barclays bank, are expected to take the Inland Revenue to court over the tax status of the loan-back BES companies which they launched before the Budget. The Revenue said recently it did not accept that shares in them had been issued in time to beat Norman Lamont's deadline of midnight before the Budget.

Scheherazade Daneshkhu

Directors' transactions

Titon executives sell 1m shares

BETWEEN FEBRUARY and June 1991, three directors of Titon Holdings, the building materials group, bought shares at prices between 48p and 66p.

Since then, the price has risen steadily and is up more than 60 per cent relative to the FT All Share index over the past year.

On the day the company announced its final results, along with a bullish statement about prospects, executive directors sold a total of 1.01m shares at 208p.

According to the chairman, these sales were made to satisfy demand for the stock from institutions.

Sir Harry Solomon, now a non-executive director of Hillsdown Holdings, the food manufacturing group, bought 250,000 shares at 80.5p in September last year, along with Sir John Nott, the chairman, and John Jackson, the deputy chairman.

Sir Harry has now sold 1m at 161p to reduce his holding to about 4.3m. At the same time, Ray Mackie, the recently appointed finance director, bought 25,000 at 155p.

J.D. Wetherspoon came to the market in October last year at 160p. Since then, the price has outperformed the market by 59 per cent and Anthony Lowrie, one of the company's non-executive directors, has sold 100,000 shares at 279p, reducing his holding to 991,054.

Colin Rogers,
The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bilton	Prop	2,096	11	2
Cadbury Schweppes	FdMa	76,000	350	1 *
Computer People	Elns	260,000	267	2
Dencora	Prop	150,000	153	1
Frogmore Estates	Prop	70,100	268	1 *
Hillsdown Holdings	FdMa	1,000,000	1,610	1
Huntleigh Techn'gy	Hlth	1,000	10	1
Iceland Frozen Food	FdRe	45,000	310	1
MAI	OthF	13,500	25	1
ML Laboratories	Hlth	100,000	179	1 *
Psion	Elns	13,217	15	1
RMC	BdMa	3,500	24	1
Scholl	Hlth	51,592	106	1 *
Titon Holdings	BdMa	1,010,000	2,101	6
Victaulic	EngG	30,000	96	1
Wetherspoon (JD)	Brew	100,000	279	1
PURCHASES				
Eastern Electricity	Elcy	2,260	11	1
Hillsdown Holdings	FdMa	25,000	39	1
Moorgate Smaller Co.	FdMa	26,741	34	3
Tesco	FdRe	40,000	88	2
Tiphook	Tran	5,000	12	1
Tomkins	Cong	7,282	18	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 4-7 May 1993.

Source: Directus Ltd, The Inside Track, Edinburgh

MINDING YOUR OWN BUSINESS

Clear skies ahead? Roland Chaplain, owner of Weather Watchers, checks the temperature in Laurieston

Overcast with sunny spells

***Gareth Huw Davies** on a small weather centre's struggle to sell its services*

YOU do not have to be anywhere special to forecast the weather. It is universal, it. Weather Watchers Services competes against the Meteorological Office as a seven-day, round-the-clock independent professional weather service from the village of Laurieston in south west Scotland (population 150).

Weather Watchers was set up by Roland Chaplain in 1987 and is based in converted outbuildings behind his stone house. On a balmy spring day it still seems too rural to be serious. Through the open windows come the bleatings of sheep on the Galloway hills. But the three forecasters working at computer screens are accessing the same raw data as the Met Office – one displays the European satellite image that Michael Fish will interpret for millions of BBC viewers that night.

Weather Watchers has one edge over the opposition. Its forecasters complement their instruments by telephoning a team of 2,000 volunteer watchers across Scotland and the north of England for information on snowfall, temperature and wind direction, enabling them to assemble a precise local weather picture.

Yet the company has been slipping and skidding on treacherous commercial ice. Last autumn, it reached its £20,000 borrowing limit. The bank forced the original company, Weather Watchers Services, into receivership and Chaplain lost £10,000 as a guarantor for the overdraft.

No other buyers came forward so he bought it back for £4,500, with another £2,400 for good will, in effect his own name. It now trades as plain Weather Watchers. The network of volunteer watchers survives as a separate charity.

Underlying Weather Watchers's problems is what Chaplain describes as the "un-level playing field" on which it meets the Met Office.

"No small consultancy can afford the cost of the data provided by a monopoly supplier, The Met Office, which is also our main competitor."

Weather Watchers takes much of its data by computer link from the US and Europe. But it is denied access to data from UK government funded radar stations, useful for tracking storms. By law Chaplain cannot even know the deal by which the Scottish Office allows the Met Office access to radar data. Ironically, The Scottish Office also funds Weather Watchers's road forecasts. He says the Met Office's price for a year's radar data was a "prohibitive" £40,000. "The radar is paid for by public money. Why should a competitor get privileged access?"

Weather Watchers offers a special service for businesses. Its forecasters supply regular, personal weather analysis by telephone. For a small fee a garden centre, for example, might take the service to determine when to protect tender plants from frost.

"It is about helping people make the right decision in a finely balanced weather situation," said Chaplain. "Weather-related losses cost the economy many hundreds of millions. It has taken off in the US, but not yet here."

Chaplain became interested in the weather at school. He took a theology degree in the early 1960s, but never entered the ministry. Instead he built on his first interest and took a course in meteorology. He worked as a forecaster in Birmingham. The he worked as a teacher and ran a centre for studying social and economic trends in Leeds before returning to forecasting in the severe winter of 1981, broadcasting on local radio and TV.

He built his first network of volunteer weather watchers in Yorkshire. When a local radio station official moved to the BBC in Scotland, he asked Chaplain to set up a similar network there. Chaplain's big break came in the bad weather of January 1984, when he used the network to forecast the progress of blizzards correctly. That initial high media profile launched the business, at first with BBC support. The BBC soon stopped funding Weather Watchers in the belief that it would become self supporting.

Weather Watchers Services was set up in 1987, using Manpower Services Programme labour and grants from local authorities, the Scottish Development Agency and the tourist board. Over five years those grants have totalled £15,000. In 1990 Chaplain and the other trained forecasters turned the company into a co-operative. The equipment – computers, softwear, modems and faxes – cost £26,000. The house and premises, valued at around £60,000, were paid for by Chaplain's mother.

Weather Watchers has built a small clientele which includes *The Scotsman*, *The Sunday Tribune* in Ireland and several other local newspapers, hotels and highways authorities. A contract with the Scottish Office to monitor certain high level trunk roads, denting the Met Office's near monopoly of road weather forecasting, dates back to BBC days.

But progress beyond that has been difficult. An original staff of eight was progressively cut back as the company failed to achieve the level of trade it expected. A £5,000 marketing study, a condition of the loans, produced no new work. A marketing consultant brought in only one client.

Chaplain employs three forecasters and a secretary, but his £60,000 worth of business is really only enough to support two full-time employees.

Last winter Chaplain embarked on his biggest gamble, launching a national 0891 telephone forecast across 18 regions in conjunction with Interactive Media Services, a Leeds-based telephone information specialist, which put up a £10,000 loan against future revenue. That money is all used up, but Chaplain continues to offer a full service at a cost of £3,000 a month, subsidising it from his other work, so that any potential sponsors can monitor it. The commitment is huge – 80 hours of work a week. IMS managing director Bill Wilson said: "It's early days yet, but the response is encouraging."

Chaplain remains optimistic in adversity. A recent "cold" mail shot to 125 hotels offering customised weather reports yielded 25 replies. In January he lost one prestige customer, *Scotland on Sunday*, when the Met Office undercut his price, but last month he gained another, the *Daily Record*, Scotland's biggest selling daily. In the longer term he still sees potential in an applied weather forecasting consultancy service. "The problem is to get people to see this as an insurance service where *they* win."

■ *Weather Watchers, the Weather Centre, Laurieston, Castle Douglas Dumfries and Galloway, DG7 2PW. Tel: 06445-264 Fax: 06445-295.*

Unravelling computer spaghetti

***David Spark** on a company which straightens out old programs*

CHANGING the calculations and conditions for insurance policies and the like may seem a minor matter to decision makers. But for the people who must incorporate the changes in the tangled spaghetti of company computer programmes, they can be a headache.

However, a small company has been established to meet this need at the Mountjoy Research Centre in Durham. The Centre for Software Maintenance believes it is the only company of its kind in the world.

Its managing director, David Walton, says big financial Organisations went into information technology early, buying mainframe computers in the 1960s and writing large volumes of software for them. As time passes, this software must be changed, possibly to do things for which it was not designed. These changes are called maintenance.

The maintenance man has to understand the software, among the most complex structures ever built, to amend it without breaking it. He should then write notes to explain what he has done, but he may be wanted for another maintenance job.

After many undocumented changes, the software can become incomprehensible and impossible to change. An investment of thousands of man-hours has reached the end of its useful life. Even without such a disaster, the maintenance work becomes very expensive. In the UK alone, says Walton, £3bn a year is spent on this.

Four Durham University staff, with Keith Bennett, professor of computer science, as chairman, set up CSM in 1988 to do research into this computing problem, but it soon discovered it could save companies money quite simply by using existing techniques.

"This is a hype-driven industry," says Walton. "It tells people: This new thing will solve your problem. But a lot of issues are about management rather than technology."

Apparently small errors in programming can have devastating effects. One US airline's program to optimise passenger loading contained a "greater than" instead of a "less than" sign. As a result the airline's aeroplanes carried fewer passengers than its competitors'.

Errors are especially critical when safety depends on good design and accurate programming, as in the London ambulance computer system.

Walton says that a good programmer will spot only 30 per cent of his own errors, which means his work needs to be checked by someone else. "It is hard to believe that people are not doing that."

To guard against errors, computer staff commonly spend a lot of time on testing, which is expensive and hard to do exhaustively. It is better to analyse what is going wrong and stop it happening again.

CSM has a staff of 12. Its four shareholders at the university are active as consultants and Professor Bennett plays a leading part in strategy.

A third of its work is consultancy, and running training seminars for software specialists. Two-thirds is creating computer tools for simplifying software, currently for a large computer systems manufacturer and a government organisation. These tools use mathematical research done at Oxford and Durham to show how simplified versions of software can do the same job as the old spaghetti.

CSM is also adapting these tools to other purposes. For example, the US Food and Drug Administration requires companies to demonstrate that the software governing the amount of drug in a capsule meets specification. CSM will analyse the software to demonstrate what it is doing.

In the UK £2bn a year goes down the drain replacing software that has become incomprehensible

In the year to March, CSM had a turnover of £400,000. "We have grown quite rapidly, 45 per cent a year," says Walton.

CSM has had two SMART awards from the government for its development work. It has never had any bank borrowing. Walton says it is no good for a small business in the UK to be in hock to the banks. "The only way to survive is to be very conservative."

Profit – 8 per cent last year – is put back in the business since "what counts is long-term ability to do the job well."

Walton first went to CSM as a marketing consultant and became managing director last year. Before that he ran his own company making test equipment for computer software, worked in computer-aided engineering and spent some time as a full-time pastor at a church in Washington new town in the north east.

■ *Centre for Software Maintenance, Mountjoy Research Centre, Durham DH1 3SW. Telephone: 091-386-0420.*

Japan's identity crisis

■ Continued from Page I

well-known nationally in the Pure Land sect of Buddhism.

The monk is a touch distant, wandering around the room preoccupied with his thoughts, while the mayor is definitely down to earth, discussing economic strategies and the benefits of tourism in Fukada. After settling for long enough to answer a question, Tetsunojo complained that "new religions" and sects have come into fashion, confusing the young, who have reached a level of material comfort that makes them conscious of their spiritual poverty: "What is the correct religion? That is the question in people's hearts".

The question is all the more pressing, he says, because the Japanese think of themselves as very spiritual, and yet corporate identity is stronger than religious awareness. In the past, spirituality came with the rural culture, but the end of communal work and play has left the Japanese isolated from their traditions and from other villagers. He uses the word "villager" to mean all Japanese, and not a small village in the south.

However, Dansho is more concerned by concerned by a different kind of loss. Young villagers are disappearing to work in Tokyo or Osaka, and he reckons that the village's population will fall to 1,750 by 2000, down from 3,113 in 1955 and 2,133 in 1990. He is trying to make Fukada livelier and wealthier. He is encouraging farmers to grow tobacco, and has apparently struck up a useful relationship with Japan Tobacco, the Tokyo-based cigarette monopoly.

"You want to know why they do so well at Fukada? Dansho went to Tokyo University." There was no malice in the comment. Noriaki Tayama does not appear capable of malice. He runs the Body Shop, a car repair and sale yard in Suye, and has leased out a small plot of land used for rice cultivation.

Recession means that the Body Shop does more repairs, sells fewer cars, and has more salesman dropping by looking for "hot" customers: "I used to ring the car companies and say Mr So and So wants a car, send a salesman. Now the salesmen come to me, about three a week, wanting to know about hot customers, anyone about to get their licence, anyone with a sick, old car."

'The end of communal work and play has meant isolation from tradition'

Noriaki and his wife, Kazuko, have just come back from their first international experience, a group tour to Hawaii with car repairers from around Japan. They were impressed by the idyllic beauty of the tropical landscape as the aircraft made its approach to the runway, and they boarded the tour bus with a pleasant sense of anticipation.

Then, said Noriaki, the tour guide began her spiel: "She said the streets are dangerous and we should be careful not to wander off the main roads. We should be extra careful at night and keep an eye on our possessions. She said a lot of people have Aids. We got to the hotel, and the walls were so thin we could hear the people in the next room. They could hear us, we thought, so we had to whisper."

After the pleasures of a week in Hawaii, returning to Suye village was a relief because "Japanese food is cheaper in Japan". But, the inconveniences of tour groups aside, Noriaki and Kazuko were comfortable with the cultural journey. Their impressions, delivered with a self-effacing humour, were not those of the mythical cultivator intimidated by a hunter-gatherer society, but more those of Japanese speakers limited by their language in an English environment.

In their own understated way, the Body Shop proprietors have come to terms with the outside world, while the official keepers of Japanese culture are determined to perpetuate the confusing myths of rural uniqueness. As Noriaki Tayama explained: "The village is not what it used to be, and we are not what we used to be, but we are still part of Suye, we are Suye people."

■ *John F. Embree, A Japanese Village – Suye Mura (University of Chicago Press, 1939).*

SPORT AND MOTORING

Motoring/Stuart Marshall

Top marks for the Alfa

THE ALFA Romeo 164 has had its first serious revamp in nearly five years. As a result this big, front-wheel driven saloon's appeal to user-choosers of two- and three-litre cars has been strengthened.

Some Alfa Romeo buyers always have put performance before everything else. They get a 164 Cloverleaf – wide-tyred, sprung firmly and fitted with aerodynamic body extensions. Its leather seats are as unyielding as a hunting saddle but it leaps from standstill to 100 kph (62 mph) in well under eight seconds and owners can boast of an unusable 245 kph (152 mph) top speed.

The secret of the £28,100 Cloverleaf's vigour is a new, 24-valve development of Alfa Romeo's classic short-stroke, three-litre, V6 engine. It puts out a lusty 235 horsepower at 6,300 rpm and develops maximum torque (in plain language, pulls hardest) at 5,000 rpm.

As overall gearing is fairly low at 24 mph (39 kmh) per 1,000 rpm in fifth, the V6 spun freely when I drove it briskly on uncrowded, hilly roads in north-east Scotland the other day. It pulled nicely in fifth in town traffic and cruised in relaxed fashion on dual carriageways. Alfa's figures suggest it might give an uncharacteristically light-footed driver around 27 mpg (10.46l/100km). Even by Alfa Romeo standards, it cornered and held the road exceptionally well.

The Cloverleaf's stablemate is the slightly less potent (200 hp) but more resiliently sprung 164 Super. Both come with air-conditioning, heated and power-adjusted front seats, six-speaker radio/CD player and ABS brakes.

The Super, which lacks the Cloverleaf's aggressive looks, costs £25,100 (or £26,504 with automatic transmission). I liked it even better because ride comfort means more to me than the ultimate in handling. I thought a 164 Super might seduce the user of a Saab 9000 2.3 turbo hankering after a bigger engine; or a Ford Scorpio driver in search of greater charisma.

Entry model in the revised 164 range is the £16,850 Twinspark. It lacks the sheer muscle of the V6 but the two-litre, four-cylinder twin-cam is no weakling, with 146 horsepower on tap. The Twinspark had the neatest handling and the best ride of the lot.

The Alfa Romeo 164, Fiat Croma (no longer sold in Britain), Lancia Thema and Saab 9000 share the same underpinnings. They started off as a joint exercise because neither Fiat Group nor Saab could contemplate the cost of developing a big, new car on its own. Inevitably, they grew apart; now, the Alfa Romeo 164 is arguably the most individual and best looking of the four.

Alfa Romeos always have let their drivers feel in more intimate contact with the mechanics than most other cars although you get the same feeling in a Porsche. All the 164s make lovely growly noises when you put your foot down and let the engine soar to high revolutions.

The three I drove all had a slight whimper in the transmission when going from power-on to power-off. I was happy to put this down to

Alfa Romeo 164 Super; a large, comfortable high performer with a 200 horsepower, multi-valve V6 engine

character, because they felt solidly built and one could believe they would be mechanically enduring.

Speaking of which, it really is time Alfa Romeo and Lancia were allowed to come in from the cold. The bad old days, when Italian car makers took a cavalier attitude toward mundane matters like corrosion resistance, have long gone but the stigma remains.

Most of the sheet steel used in Alfa Romeo and Lancia bodies is galvanised and the anti-rust warranty has been extended from six to eight years. Mechanical and electrical frailties, too, are said to be things of the past.

There is no way of proving this in a brief test drive; only extended use can do that. But Grant and Taylor, a London firm of information technologists, has had more than 200 Lancias as company cars in the past 20 years and runs a fleet of 31 now.

For some years, half the Alfa Romeos sold in Britain have been 164s, more than 5,500 in all. I know of no reason why they should not be just as reliable as Grant and Taylor's Lancias.

Cricket/Teresa McLean

Bright and dull

AS WE neared the Northampton cricket ground last Sunday, we came upon a road-race. Officials pointed the way for men in coloured shorts and vests who sweated and panted, grimaced and tried to re-attach their flapping numbers as they ran.

It was a bad omen but I comforted myself with the thought that they were probably doing it for charity. That is more than can be said for what the programme published for Sunday League matches calls "the bright new world of Sunday cricket", sponsored by AXA Equity and Law. The Test and County Cricket Board agreed with AXA to make that world one of coloured clothes, white cricket balls and black sight-screens, because of what the programme's editor, Ralph Dellor, calls "many benefits for cricket." He mentions two, the first money, the second youth appeal.

Northampton Cricket Club has new bars and cafés and a knot of shops and stalls. On Sunday there was a jazz quartet tootling away – more a foyer of the bright new world than a cricket pavilion. The much vaunted "replica kit market" relies on such shops and stalls selling county shirts for £25.99 each, which is a lot, even for a Northampton shirt in all its faded maroon and sour yellow glory.

"The manufacturers claim they're very good quality," said the county's chief executive, Stephen Coverdale, smiling like anything.

Gloucestershire were the first to show off their full array of new "county colours" last Sunday. They took the field in dark blue shell-suits and baseball caps, with big red and white stripes round the neck and clashing blue jerseys to pull over the t-shirts, in some cases over the jackets as well.

Everyone looked ghastly. No-one gave off the faintest whiff of quality or glamour, not even Chris Broad, stroking his curly hair languidly.

Someone at AXA thought of pointing out that coloured cricket clothes are not new. The back of the programme has a picture of W G Grace and fellow cricketers in 1880, posing in coloured neck-scarves, caps, buckles and belts. Some wear striped, a few wear coloured shirts and Grace sports an orange and yellow striped MCC blazer. I should not think he played in his blazer. The picture is an advert for white trousers, cool cotton shirts and splashes of colour, not garish nylon from head to foot. But then I am not a track-suit type.

Several players thought it was time I changed. Gloucestershire's bowler, Martin Gerrard, sang the praises of cricket's new style: "I'd say it's going to be a success. It's different. It makes a change."

Being different seems to be at a premium and to keep the bright new world distinctive, even its strongest supporters thought it should be restricted to Sundays, so there would be two styles of cricket on offer.

Umpires are a conservative breed and looked less happy with their place in all this. Bad weather at Northampton forced them to make repeated excursions to inspect conditions. Jackie Hampshire, looking like a superior lavatory attendant in his bright blue jacket, also looked painfully embarrassed.

"Seeing is believing," announced the public address system cryptically, when Hampshire and John Holder walked out in their jackets to re-start play.

The white ball did not make the fielding look more auspicious, though sharp fielding is one of the blessings of limited over cricket. To help everyone see clearly, the new cricket is played in front of sight-screens covered in black cloths that billow in the wind, at once absurd and dreary.

It was hard luck for the organisers at Northampton that rain reduced the opening game to low spirits and less than 40 overs a side, removing any chance to show what 50 overs a side has to offer. If anything, this reduction lessened the pain of the awkward new timetable. Play is supposed to start at noon which is neither a morning start nor an after-lunch start. The bright-new-world Sunday lunch is at the surrealist time of 3.10pm.

"You could always bring a bacon roll in a flask," offered one of a small gang of Gloucestershire supporters. They did not want to comment on the bright new world. Their Northamptonshire counterparts were less reticent. A doleful and well-lubricated local had no doubt that it was all a load of rubbish.

I spoke to some boys between about 10 and 14. They were not interested in cricket clothes or trappings, new or old. They were there to watch Allan Lamb hit big sixes.

It is the uninitiated that this new world hopes to attract. A market research expert on television the other night explained: "The young like everything bright. We know that. All we have to do is work out how best to relate that to cricket."

I am inclined to think that it is the cricket, not the decor, that must appeal to people. The Sunday game needs gusto and panache to survive. Watching Gloucestershire expire limply for 123 last Sunday, I could not imagine even flashing lights giving the bright new world of Sunday cricket some sparkle.

Wizard of the dribble: Chris Waddle of Sheffield Wednesday

Soccer/Peter Berlin

Waddle Hoddle-itis

TODAY'S FA Cup Final marks the start of a fraught period for English soccer fans whose sense of identity and self-worth are intimately tied up in the performances of the national side.

Six of Arsenal's cup final players and two of Sheffield Wednesday's are in Graham Taylor's squad for two World Cup qualifying games – in Norway on June 2 and Poland six days later – followed by three games in the US.

Recent England performances at Wembley have provided contradictory evidence. Against Norway and San Marino the team played the predictable, uninspired, functional soccer that the fans identify with Taylor. Against Turkey and the Netherlands there were signs of a more self-confident style. Today's game will be scoured for omens.

Arsenal in spite of the presence of Ian Wright, the best attacker in England, scored the fewest goals in Premier League – just 40. But they only conceded 38. They symbolise the dour, defensive side of the British game. Sheffield Wednesday represent the attacking spirit.

This contradiction is personified by two players. Tony Adams, of Arsenal, who will almost certainly play against Norway, and Chris Waddle, of Sheffield Wednesday, who will not even be on the flight there.

Adams' ungainly gait is a constant reminder of England's humiliation in the European Championships in 1988: three defeats. The whole business summed up by the way Marco van Basten skipped around Adams to score for the Dutch.

Waddle's lanky, lazy, elegance recalls memories of England's last moment of glory: the unexpected run to the World Cup semi-finals in Italy in 1990. If his extra-time shot against the base of the West German post had been an inch to the left, or his kick in the penalty shoot-out just four yards lower, England could have been in the final.

Adams is big, strong and brave. He is a leader and scores his share of goals. His strike beat Spurs in the semi-final. "Donkey won the derby" sang the Arsenal fans. But just because he looks clumsy does not mean he is without skill.

Where Waddle's long passes are invariably elegant but frequently ineffective, Adams' passes, delivered elbows locked, with a stiff swing of the leg and a strange crank of the torso, are consistently accurate and often imaginative.

His re-emergence as a first-choice international is a reward for persistence and relative youth. He is 26. Among his rivals, Richard Jobson, Mark Wright and Keith Curle are all 30 or close to it.

Even so, the donkey has not become a thoroughbred. He remains the player he has always been; with the same, under-appreciated, virtues and the same weakness: his slowness on the turn.

Against Turkey the give-away was precisely the feature of his game that drew most praise: the string of last-ditch diving tackles deep in his own penalty area. The sliding tackle is a difficult art and Adams' tackles were magnificent: but why did he need to make so many? Was it because the Turkish attackers found it so easy to by-pass him.

What distinguishes top international sides is the number of attackers who combine close control with speed. The Dutch have three. Last month, Adams' nemesis, van Basten, did not play, so Des Walker could mark Dennis Bergkamp while Lee Dixon struggled with Marc Overmars. The moment of truth could come when the two countries play again on October 13.

While Adams is a pragmatist Waddle is a determined spokesman for the fantasy tendency in English soccer. He demands the freedom to express his creative whims. Sadly, what Waddle is demanding is the freedom not to do what he does best. He is the foremost ball dribbler of his generation. He has a repertoire of tricks and deceits and can beat defenders from a standing start.

Perhaps this most precious of soccer gifts comes too easily for he does not seem to value it. In his time at Tottenham Hotspur, Waddle caught Hoddle-itis. Ever since, he has wanted to be something which he is not: Glenn Hoddle. He wants to destroy defences with one elegant 70-yard pass.

The problem with Waddle's long passes is that too many do not reach their target. He is, in American football parlance, "forcing" his passes, hitting them at players who are too well marked. A 70-yard pass cut out a yard from its target may look wonderful for 69 yards but is a waste of possession. Worse, Waddle can only play 70-yard passes if he is 70 yards away from the opposing goal; away from the area where his dribbling – and his imaginative short-passing – is most dangerous.

Over-optimistic long passes are meat and drink to the Arsenal defence. Adams' greatest fear must be that Waddle will run at him with the ball on the edge of the Arsenal penalty area.

When the two teams met in the League Cup Final a month ago Waddle played too deep and did not run at the Arsenal defence at all. Only if he does so this afternoon can Waddle demonstrate why he could still play for England while Adams should not.

"GABYLANDIA ESTA DE FIESTA" proclaimed one of the many banners that were strung along the railings high up in the stands of Rome's marbled masterpiece, the Foro Italico. "GABYMANIA STUPENDA!" shrieked another.

Tennis/John Barrett

Tears for a queen

Sadly, the reality was neither stupendous nor fiesta-like. Gabriela Sabatini, the darling of the noisy army of Argentine and Italian youngsters at the final of the 1993 Italian Open last Sunday, was struggling. Indeed, the four-time champion whose last tournament win had been earned exactly 12 months earlier in this same red dust bowl – a 7-5 6-4 victory over Monica Seles – was finding the going tough. Even the huge marble statues, their faces streaked by daily downpours, seemed to be crying.

To the 22-year-old it must have seemed as if she was looking into a mirror. The moonballing game of her Spanish opponent, Conchita Martinez, so like her own, had reduced Sabatini to impotence. Yet she had had her chances. The third game of the first set should have clinched it for her. This monumental battle of 30 and 40 stroke rallies swayed backwards and forwards for 24 minutes – the time it normally takes for Seles or Steffi Graf to win a complete set. It ended with Sabatini hitting a winning backhand volley on the 32nd point after squandering seven previous break points.

A 2-1 lead should have been the launching pad the defending champion needed. Yet something was missing: confidence. That precious and fragile commodity was somehow just out of reach.

There had been moments during Sabatini's super-efficient semi-final destruction of Arantxa Sanchez Vicario, when it seemed that the year-long nightmare of failure, exacerbated by a series of niggling injuries, had ended. This was the same woman who had served-and-volleyed her way to the 1990 US Open title so brilliantly against an astonished Graf. She was back in the groove. Or so it seemed. Yet in the final, once the first set had been lost, belief died. Sabatini switched off mentally and bowed to the inevitable, going down 7-5 6-1.

Strolling back to the interview room after the match I fell into step beside Sabatini's new coach, Dennis Ralston. I asked him if Gaby would shower before her press conference. "I have no idea," he replied. "I'm still learning!"

There is much to learn about the art of psychological first aid. One of the pre-requisites is the undivided attention of the subject. That is not easily guaranteed by a superstar like Sabatini whose on court earnings alone are approaching \$6.5m. The pressures on her for interviews and special appearances are enormous. She has become a multi-million dollar industry with annual turnover estimated to be \$7m-\$10m. Two perfumes have been named after her, and there is endorsement income from Aerolineas Argentinas, Yamaha rackets, Pepsi-Cola, Tacchini sportswear, Longine watches, Fuji cameras and film, Rayban sunglasses, Gosen tennis strings and the new Gaby Doll, which is the rage in South America.

Sabatini turned to Ralston a couple of months ago. Her relationship with the Brazilian Carlos Kirmayr, begun at Wimbledon in 1990, had run its course. The joy that he had rekindled that year at Flushing Meadow seemed to have died.

Ralston has had enough experience working with US Davis Cup teams, and with Chris Evert for a while, to help Gaby rediscover that winning feeling. There is no doubt that, even after two months, she is already looking fitter and faster. If she allows Ralston to help her with her serve, then we might see a real break-through. It was deficiency in that department that cost Gaby the Wimbledon title in 1991. Twice she served for the match in the final set against Graf and twice she fumbled it.

Gabriela knows she cannot afford any more fumbles. Ten times in the last four years she has reached the semi-finals or better at Grand Slam championships but she can claim only one title. She also knows that with Seles temporarily side-lined by that horrific knife attack she will never have a better chance. With Ralston's help we may yet see Sabatini's potential fulfilled.

TRAVEL

FT Guide to Civilised Breaks

Sociable city of counter-cultures

All the world and Nicholas Woodsworth beat a path to Amsterdam

OF ALL the European cities, there is an intimacy about Amsterdam that makes it different. It has not got the hard-edged drive of cosmopolitan London or the self-conscious fashionability of Paris. It has not got Florence's art, Madrid's energy, Rome's history, St Petersburg's architecture or Geneva's wealth.

What it *has* is sociability. On a continent of crowded urban anonymity this is indeed a civilised quality; to my mind it makes Amsterdam a splendid choice for a civilised weekend.

What is it about Amsterdam that gives it such immediate familiarity? Even on the Leidseplein, the busy commercial entertainment district where I began my weekend wanderings, visitors feel a relaxed spontaneity. This is a city that asks you to let the mask down, to relax your guard, to be just a little bit more your private self in public. Why?

Certainly one answer is Amsterdam's scale. This is a small city of human proportions. You can walk across its centre in half an hour. Nowhere will you find the overwhelming, the monumental. The buildings here, like most things Dutch, are plain, functional and without ostentation: they are narrow and rarely more than four stories tall. In a crowded city where space is at a premium, the streets, too, are narrow. Even the city's bright yellow trams are toy-like.

Bicycles by the thousand add to this air of domesticity. They are not shiny, hi-tech products but heavy-framed black clonkers. They give the city a wonderfully homey feel.

Another answer to Amsterdam's casual, somewhat bohemian atmosphere is its canals, boats and water. The canals give the city its distinctive topography. Radiating outwards in concentric circles from the port, the city's 160 canals are everywhere. But the canals give more than just a physical definition to the city. As any resident of Amsterdam's 2,500 houseboats will tell you, there is something wonderfully soothing and peaceful about a prospect of placid water. Normally, city walking is a tiring business: I found long canal-side walks in Amsterdam refreshing.

The essential element to Amsterdam's character, though, lies in its people. Strolling in the sun past the outdoor cafés of the Leidseplein, I had the odd sensation that Amsterdammers could be a Mediterranean people. There is a tremendous sociability about them, an obvious enjoyment found in conversation and in the company of others. Like Latins hundreds of miles to the south, Amsterdammers are cheerful, expressive, energetic and gregarious.

There is, however, an essential difference. Underlying this happy countenance is a cool, northern rationality, a social awareness and sense of civic involvement wholly foreign to the egocentricities of the Mediterranean. It is from this strong recognition of a social contract that Amsterdam's renowned liberal tolerance springs.

Exactly how a society with morally rigid traditions like Holland's gave birth to a permissive society like Amsterdam's is confusing – Amsterdam made itself the greatest trading city in the 17th century world by virtuous adherence to a Calvinist work ethic. But the basis of capitalism was also the basis of egalitarianism, civic democracy and personal freedom, beginning 300 years ago, when minority groups started to find in Amsterdam the liberty to pursue their ideals.

More recently, the city's traditions of tolerance were hijacked by the counter-culture of the 1960s. Easy-going attitudes towards sex, drugs and alternate lifestyles made Amsterdam a world centre for the non-conventional. People poured in from everywhere.

Aids, hard drug abuse and economic recession have made youth culture a less flamboyant spectacle. But the young, and those middle-aged Amsterdammers who retain something of the 1960s – no-one seems very old in Amsterdam – continue to exert influence on a city lifestyle that is offbeat, creative and sensitive to social issues. And the world continues to pour in: one out of every four Amsterdammers is an immigrant. Today, tolerance is not just some fanciful notion; it lies at the heart of Amsterdam's survival.

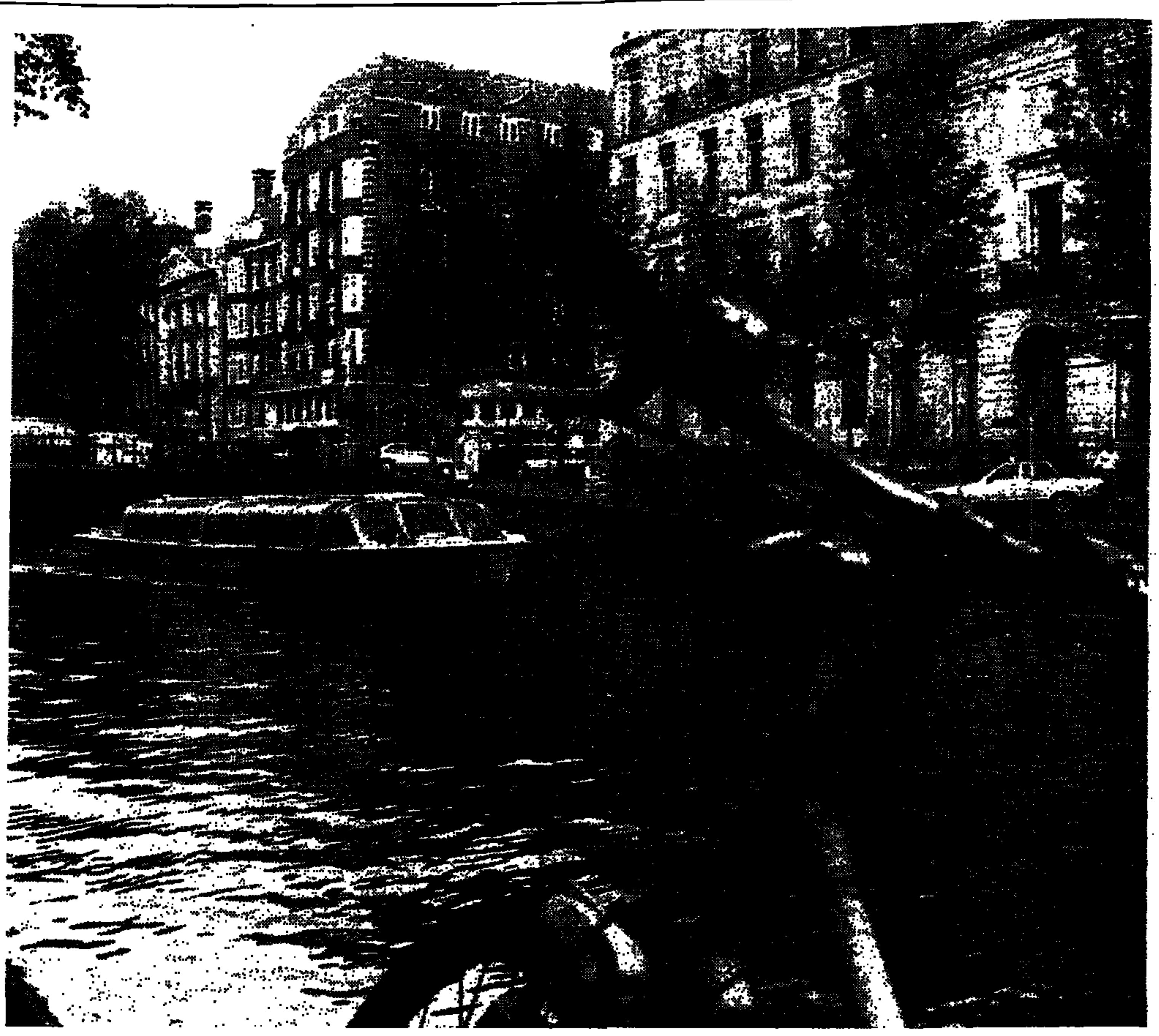
It is the spirit of the city that makes Amsterdam so attractive. Walk the streets here and you will see vastly different kinds of people and styles. Yet more conventional Amsterdammers take it all without raising an eyebrow. The best way to experience the city is simply to wander about, have a look at everything, and try whatever you like.

Tour-boats are precisely what they sound – touristy. But they are a wonderful way to see Amsterdam. I liked them so much that I went on them twice, once clockwise around the city under brilliant blue skies and sunshine, once anti-clockwise under grey overcast skies.

Both moods suit the sombre, liver-coloured brick of the bridges and the austere, white-window-framed, gabled-topped houses that lie to either side. Add leafy canal-side trees, colourful barges and their even more colourful inhabitants, and you have a city that is a delight to explore by boat, on foot, or by bicycle. The great fun of Amsterdam is that all its nonsense – drugs, sex, loony leftism, bohemian living – takes place against a traditional, 17th century background.

The restaurants, cafés and coffee shops one floats past in the day take on a life after dark. I became hopelessly lost trying to relocate one attractive café, but in the labyrinth of bridges and canals that make up the Jordaan area I found all sorts of compensations.

Still a working-class district with a strong local character, the Jordaan quickly became my favourite part of Amsterdam. Rich in small shops, restaurants and "brown" cafés – bars named for their dingy, old-fashioned decor – it still has an authentic atmosphere. Quite different are the city's designer cafés, steel and glass monuments to modernism. And different again are its "coffee shops," where the main interest is not coffee but hashish and marijuana, sold openly and legally.



Amsterdam by bike: the small scale of the city makes it a pleasure to explore

I enjoyed mixing Amsterdam's high culture and pop culture in equal proportions. In the Rijksmuseum I gazed at Rembrandt's *Night Watch*, Amsterdam's most celebrated painting, but found far more to marvel at in 17th century still life. How did the Dutch masters so precisely capture the texture of things like oyster shells, lemons, pewter, clay pipes, tablecloths? They were magicians.

Afterwards, I relaxed on the grass in the nearby Vondelpark, favoured haunt of joggers, frisbee players and sun-worshippers, and gazed at more conventional magicians – the types who use top hats and white rabbits. They are just one of the scores of different kinds of artists, musicians and street entertainers who make modern Amsterdam's sidewalks anything but still life.

One could hardly find a more eclectic mix than in Amsterdam. On my last day I spent the morning looking at some of the world's best-loved tableaux at the Van Gogh museum. I passed the afternoon in the red-light district; the spectacle of women in their underwear sitting in windows is matched only by bus-loads of wide-eyed tourists giggling at it all.

Early evening found me at the Concertgebouw, home to one of the great orchestras, listening to a chamber music festival. The late evening was spent watching a Jamaican reggae band through clouds of hashish smoke at a club.

That is all very well, you might say, but every city in the world has its sacred and profane, its great circus of human variety. And you would be right. But nowhere in the world can you pass with such equanimity from one to the other. Amsterdam may not always be entirely civilised, but it is almost always sociable.

■ *Nicholas Woodsworth's weekend was arranged by Amsterdam Travel Service of Bridge House, Ware, Hertfordshire, tel: 0920-467444, which specialises in package and individually-tailored trips. In Amsterdam he stayed at the Amstel Hotel Inter-Continental, Professor Tulpplein 1, tel: 622-6060. Information about Amsterdam may be obtained from the Dutch Tourist Office, Egginton House, 25 Buckingham Gate, London SW1. Tel: 071-630-0451.*

Snapshot

Gratified by the Gower

Jill James braves the rain to visit a Welsh haven of great beauty

WE HAD to guess where the centre of the road lay. Up to our axles in muddy brown water with the rain beating down on our car, and apparently miles from anywhere, we were beginning to fret.

The drive from Llanrhidian to Penclawdd, to take a look at birdlife on the marshes of the Gower coast, seemed a good way of spending a battleship-grey morning in south Wales on a family holiday. But we had not reckoned on the havoc a combination of spring tides and torrential rain would wreak on the peninsula's little roads.

Away from the marshes, fields and roads alike were becoming lakes and drainage channels at roadside edges were turning into streams.

Yet still we pressed on, taking the car inch by inch across flooded patches of road and praying that the carburettor and spark plugs would not be the first to drown.

Unidentifiable birds flew arrow straight across the vast expanse of dull sky which met the misty green of marsh and reed in the far distance. Boats sat in fields waiting for the incoming tide to mop them up.

The peninsula is a paradise for soul searchers, depressives, the intrepid and villains with bodies to dispose of (although you cannot move off the marsh roads because of the signs warning of unexploded bombs – leftovers from the area's use by the military).

Above the marshes young lambs bullocked and bumped their way around the sodden fields while their mothers stood stolidly chewing the wet, green-growing grass, oblivious to us and the weather.

Gower (Gŵyr in Welsh) will appeal to those who want a simple break. There is no railway, no cinema and no smart restaurant. By way of compensation there is magnificent walking, golden, safe beaches (on the south side) and enough of historical and archaeological interest to feed fertile family interest for a fortnight.

Local pubs serve good local beer (Felinfoel). Cockles, laver-bread (boiled seaweed, a peculiarly Welsh delicacy) and warm welcomes are available almost everywhere.

In August and on bank holiday weekends, the roads are choc-a-bloc with cars and caravans as holidaymakers seek out the castles, cromlechs, downs and – most of all – the vast sandy bays which are one of the glories of this peninsula, which dips its foot into the Bristol Channel just after you leave Swansea.

The area has deservedly been declared one of outstanding natural beauty. Its climax is the 16 miles of sands, limestone headlands and cliffs that form its southern coast and which are topped by the village of Rhosili.

Just a few houses, a shop and a hotel cluster around the church of St Mary, which contains a memorial to Edgar Evans, the Rhosili man who died with Captain Scott on the return from the South Pole.

From the big National Trust car park there is a walk out to the Worms Head – a rock which winds out to sea like the serpent or dragon that the Norsemen are said to have named it after.

Shipwrecks in the sands of Rhosili bay intrigue serious walkers and children alike. They may even tread in the footsteps of the old Celtic saints who have left their names all over the area's churches: Cattwg, Teilo, Madog, Cennydd and Dewi.

My abiding memory will be looking out over the bay on a misty evening as the ghostly surf swept all before it.

■ Getting there: There are no trains and we never saw a bus although we did see people waiting at shelters. Best way in is by car from the M4 motorway taking the B road down through Sketty on the outskirts of Swansea.

■ Staying there: Bed and breakfast places are scattered around. A good traditional Welsh pub with a coal fire and friendly, child-tolerant staff is the Greyhound at Llanrhidian.

هكذا من الأصل

TRAVEL

Africa – my own private tryst list

***Michael Holman** discloses the names of special hotels that he trusts for assignations*

THE SULTAN'S band no longer plays outside the English Club in Zanzibar. It used to, every Thursday evening, according to my guidebook. But that was published in 1952, when the island was a British protectorate.

Some 30 years later I sat on the balcony of the club and watched the dhows drift by at sunset. The band stopped playing at independence in December 1963. The club had become the Africa House Hotel, its past revealed by the battered snooker table and a faded sign pointing to the "Ladies Powder Room".

As in many of my favourite African hotels, ghosts seemed to walk the club's corridors and prop up the bar. Like the club, the hotels usually have high ceilings and creaky fans, mosquito nets and wide verandas. The bedroom keys have worn wooden tags, the cast-iron baths rest on clawed feet, and the bar has trophies of long-forgotten tournaments.

They are on my idiosyncratic African tryst list: scenes of assignations with companions real or imagined. Hotels where, by chance or design, I have met up with a friend; or which were my destination in a search for the past.

Most of them are – or were in their heyday – tourist hotels in the conventional sense, either set amid spectacular scenery or near man-made marvels. They still provide hospitality, though many show the strains of the continent's crisis. But my judgment of their appeal is flawed, distorted by that narcotic nostalgia, or by the strange juxtapositions of life as a journalist in Africa. Being a witness to poverty and distress and then retreating to comfort and security; or simply thankful to have survived a long car journey or bumpy flight, accentuates the pleasures of the senses.

Never has chablis tasted so good as at the Hotel de la Gare in Lubumbashi, southern Zaire, in the wake of one the abortive uprisings against President Mobutu. Nor has my thirst been slaked so well as by the cold beer served on arrival at the Mweya Safari Lodge, high above Lake Edward in eastern Uganda, at the end of a fraught and dusty journey from Kampala, not long after Idi Amin's downfall. Seldom have I enjoyed my Davidoff cigar more than on the lawn of the hotel at Bahar Dar on the banks of Lake Tana in central Ethiopia. On the horizon was one of the lake's ancient island monasteries, some dating back to the 13th century. The monks still observed age-old rituals of meditation and prayer.

Other unsung wonders of Africa are served by the hotels on my list. War made some of them well-nigh inaccessible for most visitors. Peace has since

'Never has chablis tasted so good as at the hotel in Lubumbashi'

brought them within reach, although they remain hard to get at for all but the determined visitor, who will have to brave pot-holed roads and endure rickety aircraft.

The modest hotel in Lalibela, in northern Ethiopia, overlooks a wondrous spectacle – 12 churches hewn out of solid rock over 800 years ago. From the Gohar hotel, high in the hills that surround Gondar in north-eastern Ethiopia, one looks down in the valley with the 17th century castle of Emperor Fasiladas.

At the window of a dilapidated hotel I watched dawn break over Mozambique island, where Vasco da Gama's ships cast anchor in 1498. Sunrise revealed a 16th century Portuguese town, transplanted to the east African coast and frozen in time. It was the capital of Mozambique until the end of the last century; now it is a crumbling relic of 400 years of colonial rule.

The upper floor view from the hotel on the island of Goree, off Dakar, Senegal, takes in the picturesque harbour as well as a neglected monument to Africa's holocaust – the island's slave house, the last staging post in a terrible journey.

The slave trade has been called the greatest forced migration in the history of man. Between 1650 and 1850, the period when the trade flourished, some 12m slaves were landed in the Americas, according to one estimate. It is calculated that 2m perished on the journey and 7m died before embarkation. Their ghosts can be found on Goree.

Some of my favourite hotels are long gone, like old Meikles Hotel in Harare, which had high ceilings and wide red-polished verandas.

Some are preserved and thriving: the Mount Nelson Hotel, for example, in the shadow of Cape Town's Table Mountain. Union Castle passenger liners used to carry hotel guests across the Atlantic from Southampton, a two-week voyage I did as a child. They now step off a 12-hour flight from London; but the hotel still recalls an era past and residents write postcards home from escritoires in a stately lounge.

Some have evocative names, like the Mountain of the Moons Hotel, Fort Portal, in western Uganda, overlooking the Ruwenzori Mountains.

Others have powerful associations, like the hotel in Stanleyville, now Kisangani, on the bend in the Congo river made famous by V S Naipaul's classic novel. They were terrible times in the Congo in the 1960s.

The Belgian Congo, now Zaire, was in bloody post-inde-

'I watched dawn break where da Gama's ships cast anchor in 1498'

pendence upheaval. The country symbolised anarchy: a confusing battlefield of communists, nationalists, secessionists, mercenaries and United Nations troops. Belgian refugees streamed across the border with Northern Rhodesia. To the whites of neighbouring Southern Rhodesia, it seemed a harbinger of their own fate.

Schoolboy memories of Stanleyville, whose reverberations reached me in my home in Gwelo, Rhodesia, would have been enough in themselves to draw me to the city. But my interest was whetted by the recollections of journalists who covered the Congo, equipped with Olivetti Lettera 22 typewriters, and who filed by cable. Some ended their careers in Salisbury, ancient mariners telling tales of expense claims on a heroic scale.

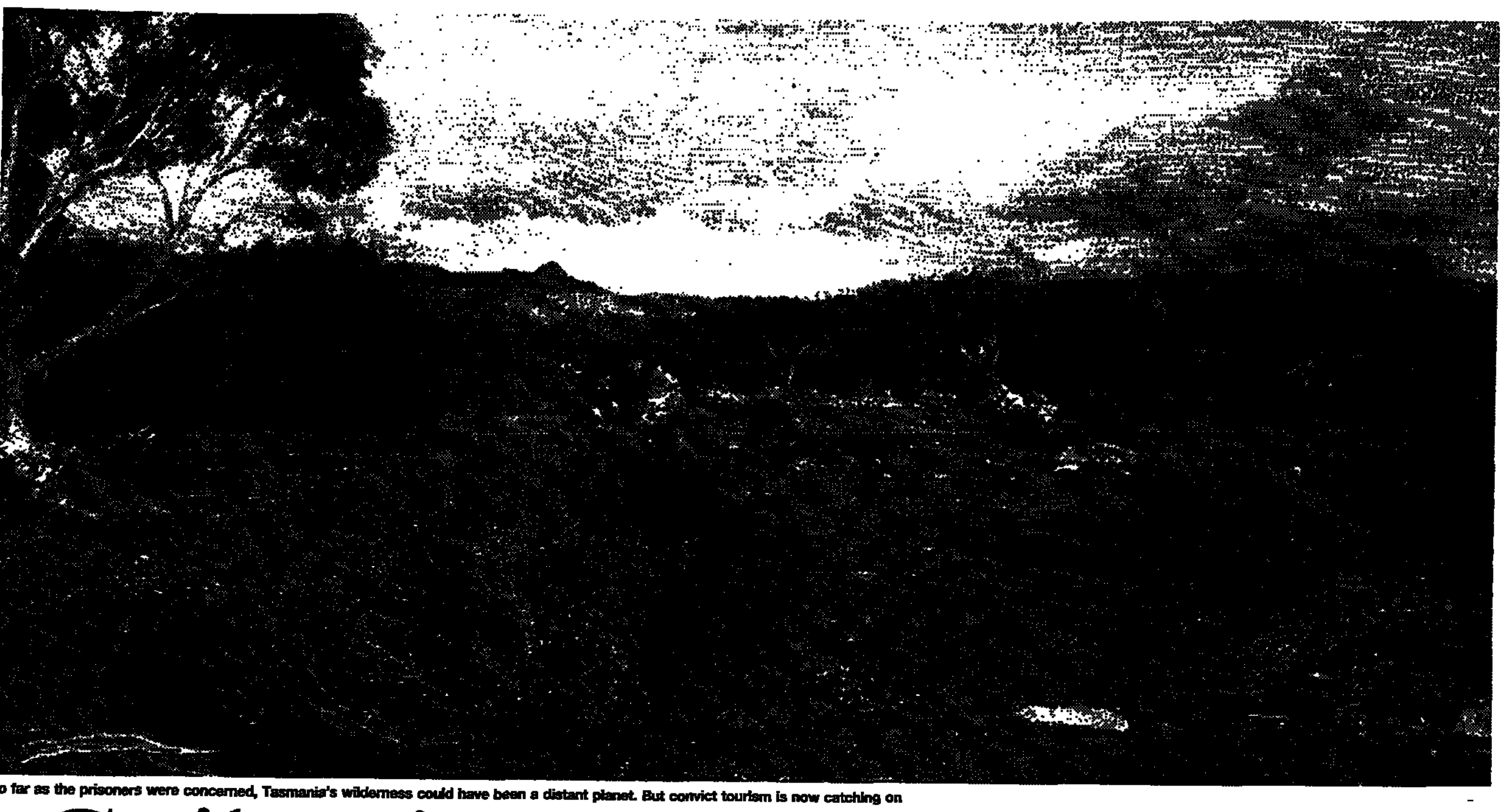
It was not until 1985 that I made my pilgrimage. The hotel had become a pit-stop for trans-Africa safaris, but the ghosts were there.

Other hotels on my list I arrived at by chance. Like the Karibu Hotel near Goma, in eastern Zaire, with a wine list that harked back to the days when coffee exports flourished and French fashions and Belgian chocolates were in the town's high street windows. I was stranded at the airport one minute, the next minute rescued by the local coffee baron and drinking champagne on the banks of Lake Kivu.

The crisp air and the mountainous scenery were a world away from the steamy heat and seamy intrigue of Kinshasa. Even Fanta orangeade tasted special in the Restaurant Ca Depend, off the main road from the airport to Goma. It was served with engaging informality, the proprietress nonchalantly uncapping the bottle with her teeth, plonking it down on the red-and-white check tablecloth, and chewing the cap reflectively as she moved back behind the counter.

Some while ago I added the Pointe Venus Hotel on the Indian Ocean island of Rodrigues to my tryst list. A wood-slatted verandah surrounds an elegant but fading colonial residence, one of the first built on the island, and perched above Port Mathurin.

But closest to my heart is the Kuchawe Inn, on Malawi's Zomba Plateau. It is a 30-minute drive from Zomba, the sleepy former colonial capital. The rooms are on the very lip of the plateau, each with its own balcony. I recall morning tea while looking down on hawks circling in the valley; fresh strawberries; an idyllic lake; cows as sleek as if they lived in Switzerland; and walking in the plateau's cool forest with the ghosts of old Malawi and a companion by my side.



So far as the prisoners were concerned, Tasmania's wilderness could have been a distant planet. But convict tourism is now catching on

Guilt trip to Tasmania's past

*Australians are beginning to exploit their convict history. **Keith Wheatley** visited Sarah Island*

ARRIVING in Strahan, the loneliest town in Tasmania's south-west wilderness, after a taxing drive on bumpy mountain roads, it was hard not to feel bone-weary. And guilty. After all, what were the privations of a few hours at the wheel of a hired Toyota compared with the miseries endured by the first Europeans to reach this area?

Just offshore from Strahan, in the limpid waters of Macquarie harbour, lies Sarah Island. From 1822-32 it held men and women prisoners in conditions of deliberately bestial cruelty. Sarah Island was a 19th century precursor to Belsen and Dachau.

Convict tourism – a very special branch of the heritage industry – is relatively new in Australia. Even a decade ago, the era of transportation could be a touchy subject at an Australian dinner table. However, publication of Robert Hughes' masterly account of penal colony life, *The Fatal Shore*, was a turning point. Hughes emphasised the rôle of Sarah Island as an ultimate deterrent – far beyond fear of capital punishment.

"This place was at the very bottom of the inferno-like system of convict classification devised by George Arthur, Lieutenant Governor of Van Diemen's Land (as Tasmania) was then known," wrote Hughes. "It was a hell where men deprived of the means of suicide had been known to commit murder solely for the privilege of being taken in chains to Hobart and hanged – and thus escape."

If Australia itself was remote, Sarah Island was another planet. There was no overland route through the 250 miles of mountain and rainforest – an untouched wilderness that now attracts visitors, hikers and naturalists – that lie between the settlement and Hobart.

Like the convicts, we arrived at Sarah Island by boat. In those days, prisoners took up to a month on sailing ships that travelled the wickedly rocky coastline from Hobart. They were given no accommodation aboard. They had to lie in chains on top of the cargo, wrapped in soaking wet blankets. Today, the comfortable *Wilderness Explorer* takes about 90 minutes from the sleepy Strahan waterfront.

"Stick to the paths as you walk around. There are big leeches in the undergrowth," warned the *Explorer's* owner-skipper, Guy Grining. He has seen a big rise in interest towards Sarah Island. Ten years ago eyes were averted as his ship cruised past, heading into the nearby Gordon River and the deep rainforest. Recently, Grining carried a visitor related to a convict who died on the island.

"She was first off the boat and last back aboard. Didn't speak for hours," said Grining. He is the great-grandson of a German boatbuilder who came to Macquarie Harbour in the 1890s to build ships of the magnificent local Huon pine.

Boat-building became one of the principal activities at Sarah Island. Traces of the slipways can still be glimpsed through the clear but tea-coloured water. Tannin from the roots of the buttongrass leaches into every local watercourse and turns it brown.

Ashore, little survives of the prison buildings. There is a stone wall here, or a fragment of the chaplain's hut. Sensibly, the Tasmania wildlife and heritage department has kept its work on Sarah Island low-key. There are small engraved information plaques at key points, but everything is intensely quiet.

Despite the endless floggings, hunger and cold, many convicts did attempt to escape from Sarah Island. Since many were sent off into the forest on logging parties – involving a 15-mile row each way, towing huge logs on the return journey, and without mid-day food – the convicts had only to conquer their fear of the unknown to slip away into the green dankness.

Flying today over the trackless forest, incised by deep, fast-flowing rivers, one can understand how nearly two-thirds of the 112 prisoners who absconded in the first six years of Sarah Island died of hunger or animal attack in the bush.

Chas Osborn, temporary pilot of the tourist seaplane and by trade a crop-sprayer, says it still gives him shivers flying over the deep forest. "Once you're on the ground in there you can see nothing and you don't even know which way is up," he says.

Convicts who escaped would occasionally resort to cannibalism. Various incidents are documented, though the most celebrated concern Alexander Pearce. When soldiers apprehended him after his second escape in November 1823, they found the part-eaten arm of another convict in Pearce's bag.

This is a beautiful but hostile area. It was 30 miles from Strahan, at the site of the proposed Franklin River dam, that environmental protestors chained themselves to bulldozers in 1982 and set off a Ghandi-like campaign that still resonates around the world.

The unusual and beautifully designed Strahan visitors' centre tackles both the convict story and the environmental campaign with vigorous and thought-provoking displays. It must be one of the few tourist information bases where the visitor is challenged to ask whether he or she should even be there. Guilt is never far away in south-west Tasmania.

■ **Keith Wheatley travelled to Tasmania c/o Air New Zealand (London tel: 081-846-9595). Information about travel within Tasmania can be obtained from Australia Naturally (081-789-7088).**

Wine/Edmund Penning-Rowsell

A year to drink up

***Edmund Penning-Rowsell** assesses the 1991 clarets*

THE 1991 Bordeaux vintage was devastated by a late April frost and diluted by rain in the middle of the picking. The 2.15m hl red wine harvest was little more than 40 per cent of the previous year's record one, and the crop was particularly short in St Emilion and Pomerol where the Merlot was severely hit. In spite of spraying and mass picking Pétrus is not marketing a 1991, and throughout the leading communes some châteaux are not selling their wines under their *grand vin* château label.

Nevertheless, thanks to modern equipment and technique, 1991 cannot be written off. Indeed, in two or three years it may be very welcome, subject to certain conditions: only the first generation grapes and not the post-frost buddings should be used, summer pruning to cut the yield, a quick end to the picking after the September rains, a rigorous pre-vat selection of the incoming grapes, and a very careful blending of the vats for the *grand vin*.

After all this the wines can only be sold at loss, for taking inflation into account they will be priced at less than the initially denigrated but now often much enjoyed 1987s.

These superior appellation '91 clarets are due for early bottling this month or next, and the Union des Grands Crus has recently shown its members' wines in London. The 120-strong association represents most of the classed growths and some lesser châteaux, but not the firsts and only a few of the seconds. About three quarters of the members presented their '91s in London, but very few of the Sauternes and Barsacs that suffered very heavily from the frost.

The dry whites had survived in very small quantities, but as they had picked before the rains they showed fairly light but attractive: particularly Domaine de Chevalier, Fieuzal and Rahoul.

Overall the clarets had good colour and often a fair aroma, but generally they lacked backbone, and until one reached the classed growths – and not all of these – the wines were often short-flavoured in the mouth.

Of those I tasted, those in their districts that had fair fruit and appeared promising included: *Graves* – Dom de Chevalier, Fieuzal; *Médoc* – La Tour-de-By, Loudenne; *Haut-Médoc* – Beaumont, Chasse-Spleen. Clarke, Couffran; Fourcas Hosten. Poujeaux; *Margaux* – Angludét, Malescot, Monbrison, Palmer; *St Julien* – Beychevelle, Léoville-Barton, Gruaud-Larose; *Pauillac* – Lynch-Bages, Pichon-Longueville, Pichon-Lalande; *St Estèphe* – Montrose.

It was a former *maitre de chai* of Lafite who said to Elie de Rothschild of a previous moderate vintage: "We need wines like these to wait for the others." There is no lack of earlier years with promise of longevity – '88, '89 and '90 – and the best of these '91s will have the virtue of early drinkability, with more concentration than the '87s. With advice, worth "looking at" in the next year or so.

All you can taste and lots you can't

*From crawfish and Tabasco to gumbo, **Giles MacDonogh** samples Cajun cuisine*

LOUISIANA'S gastronomic traditions are quite separate from the rest of the United States. They stem from the earlier French and Spanish control of the state, which did not become join the Union until the Louisiana Purchase of 1803.

Half a century before that, the swampy Mississippi delta had become an asylum for the French-speaking Acadians of Nova Scotia who fled from British rule after the fall of Quebec. The Acadians became "Cajuns" and their primitive life style persisted until oil was found in the delta in the 1930s.

Their isolation had two advantages: it allowed them to retain the French language, which all but disappeared from the rest of Louisiana; and it preserved their distinctive cookery (although, in the absence of refresher courses from France, some of the terms and ideas have begun to look very deformed).

The Cajuns' basic diet was culled from the swamps and bayous – the distinctive dead-end rivers of southern Louisiana. They ate fish, crab and crayfish (which they called crawfish), turtles and alligators. From dry land, they culled a variety of game: deer, bear, squirrels and opossums. In short, anything that moved – and one or two things which had ceased to move. All these treats were served in spicy sauces designed, as much as anything, to hide the taste.

Chillis played an important role in Cajun cooking; not for nothing is the apex of Cajun country, Avery Island near New Iberia, the home of Tabasco sauce. Tabasco is made a little like sauerkraut: the chilli peppers are fermented under salt (for three years), then steeped in vinegar. There are few Cajun recipes in which Tabasco plays no part and, even when it is not stipulated in the ingredients, Cajuns tend to dribble it onto the dish.

Crawfish are the Cajuns' favourite food and, given their scarcity in the rest of the world, the locals eat quite monstrous quantities of them. One local told me that he reckoned one 35-40lb bag was too little for 12 people whereas two bags was too much.

Personally, there is a limit to how many I can eat. They tend to be rather muddy and are better in sauces. The other drawback to the Cajun crayfish blow-out is the omnipresent spice box, which makes everything taste more or less the same.

But Cajun cooking does not stop there. One stock in trade is gumbo, a nourishing soup which derives from an African word for okra, the vegetable which forms the main ingredient. Besides okra, virtually anything can go into gumbo – and does.

One favoured element is andouille sausage. Put all thoughts of the Norman or Breton tripe sausage out of your mind, though: Cajun andouille is more like a Polish Kielbasa. Equally confusing for francophiles is the *boudin*. The Cajun version is a meaty, spicy rice stuffed into an inedible sausage skin. In New Orleans, a *boudin* appeared as a rice, spice and duck meat patty dipped in beaten egg.

Another French word with a distinctly local usage is an *etouffee*. The Cajuns translate this to mean "smothered" (although, in many cases, suffocated would be more fitting). Indeed, there is even a French term *ètouffe chrètien* which describes dishes which suffocate by their flouriness. The basis of the *etouffee* is a thick, brown roux of a sort which was laid to rest in France by the first onslaughts of the nouvelle cuisine.

For the rest, much is deep fried: cubes of alligator, catfish, prawns and mushrooms stuffed with crab meat.

Cajun food has much in common with the Creole cooking of New Orleans but the latter is deemed to be more refined. In some of the more robust dishes, such as jambalaya – a sort of Creole paella – this distinction would be hard to maintain.

In New Orleans' restaurants such as Commander's Palace, the kitchen aims to produce a more elegant cuisine. There is, nonetheless, something old-fashioned about the style of the dishes – above all, a turtle soup so thick that it could be spooned only after half a cup of sherry was added.

No visitor to New Orleans should miss having a meal at K-Paul's; it is the best induction course into the Creole-Cajun question you are likely to find. The small dining room in the nub of the French Quarter is immensely popular, and queues for lunch start forming at 11.30 am. The menu contains all you need to know about Louisianna food. It is astonishingly cheap for anyone used to London prices.

In the corner sits Paul Prudhomme, the chef, looking like the legendary gourmand Dodin-Bouffant under his jowls. Prudhomme has put both his mind and his belly to the whole bizarre repertory of Cajun-Creole cooking.

■ *Commander's Palace restaurant, 1403 Washington Ave (Garden District), 504-899-8221; K-Paul's, 416 Chartres Street (French Quarter), 524-7394.*

Getting in a stew: food is a cultural experience in New Orleans

Cookery/Philippa Davenport

Turkish delights

ONE intriguing aspect of eating out in Turkey is the way each catering kitchen sticks to a narrow range of dishes. There is no need to eat a whole meal at one sitting. You enjoy one course in which the restaurant specialises and then move on. Mezze are served on saucers along with drinks. Take a digestive stroll and, a little later, order kebabs in another establishment. Then take coffee and dessert in a third.

Tables do not have to be booked – in fact some places do not have tables. Rarely are you hurried on your way. You can read the newspapers, play backgammon, talk or just watch the world go by.

Just as mealtimes can be contracted or spun out according to whim so can the form a meal takes be varied. Visit a kebab kitchen first, and subsequently settle down elsewhere to a serious mezze session. Or skip the savoury stuff and devote your appetite to a coffee and pastry emporium.

This may seem a Mad Hatter's tea party approach compared with the prescribed orderliness of the British one-place-and three-courses set menu routine. But I think it is terrific; I cannot help reflecting how much more I might enjoy going to many restaurants in the UK if the same principles were practiced here.

Restaurant is too grand a description for many of the best Turkish street kitchens. Often they are no more than a portable barrow equipped with a couple of storage pots, a cleaver, chopping board, and a brazier: no tables for the diners, and no cutlery. Time and time again I was led by my nose to such places. I marvelled at the speed with which chunks of lamb, bay leaves and wedges of onion were threaded on to skewers; and I delighted in the way the ingredients were basted by brushing them with bunches of wild thyme and oregano dipped in olive oil.

The skewers were laid on the bars of the charcoal brazier and the embers revived with a fan. The fan, nothing more elaborate than a few branches of herb, was waved so the fringes of the herbs would singe. Their perfumed smoke mingled with the meaty aroma and rose in blue-grey curls. The smell was mouthwatering – and sometimes my eyes watered too.

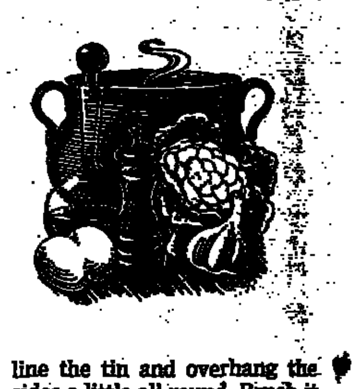
Given fine weather and flavoursome British lamb anyone with a barbecue can surely – weather permitting – lunch on food as simple and good as this. Wedges of lemon to squeeze over the semi-charred meat, good bread to sop up the juices and a leafy salad are the natural accompaniments. A suitably Turkish follow-up would be baklava.

BAKLAVA
(makes nine squares)

For the pastries: 6 sheets filo pastry; 1½ oz butter; a mixture of chopped pistachios and flaked almonds totalling 3 oz. For the syrup: 4 oz sugar; 2 tablespoons each runny honey and water; 2 teaspoons lemon juice; 1 teaspoon rose or orange blossom water.

Working with filo pastry is more like dressmaking than baking. You need scissors, not a rolling pin, to shape it, but even a poor seamstress like me can produce professional results. Filo does, however, need protection against drying out. Unwrap each sheet as you need it, and cover the trimmings as soon as cut with greaseproof paper and a damp teatowel to stop them becoming brittle.

Melt the butter and brush some over the inside of a shallow baking tin 6½-7 inches square. Take a sheet of pastry and cut a piece large enough to



line the tin and overhang the sides a little all round. Brush it with melted butter and lay it buttered side up in the tin. Cover with a second layer of pastry, cut and buttered in the same way.

Use the trimmings plus extra sheets as necessary to line the base of the tin only (no more overhang is necessary) with another three layers of buttered pastry.

Sprinkle on half the nuts, add two more layers of buttered pastry, and sprinkle on the rest of the nuts. Cover with five more layers of buttered pastry, folding the overhang from the the bottom two sheets of pastry into the tin just before adding the final layer.

Brush the top of the pie with more butter. Cut into squares with a sharp knife and sprinkle with a little cold water to stop curling. Bake until golden and crisp allowing about 30 minutes at 350°F (180°C) gas mark 4, and a further 10 minutes in the residue heat after the oven has been turned off.

Make the syrup while the pie bakes. Melt the sugar and honey with the water and lemon juice. Bring to the boil and simmer for two minutes. Stir the flower water into the warm syrup just before pouring it over the cooked baklava, which will absorb it as it cools.

Distilled essence of Irish

***Giles MacDonogh** on the country's slimmed-down whiskey industry*

WHEN Alfred Barnard visited Ireland to research his book *The Whisky Distilleries of the United Kingdom*, published in 1887, he was able to survey 28 licensed distilleries: six in Dublin, three in Cork and ten in Ulster.

His job would be considerably easier today – there are just three: Midleton in County Cork, Bushmills in Antrim, both owned by the Irish Distillers Group (a subsidiary of Pernod-Ricard), and Lockes in Kilbeggan, County Westmeath.

Lockes is a brave independent venture centred on a mothballed distillery. They only started distilling again a few years ago and I have yet to see any whiskey released under its label.

It has been a sad decline and fall for the country which invented whiskey and which remained the favourite until well into our own century. The virtual eclipse of licensed Irish distilling in our own time was intimately linked to the Irish revolution and the turmoil which accompanied the early history of the independent state.

By the 1960s the handful of remaining distilleries had become so embattled that it was decided to roll the whole business into one and create the Irish Distillers Group. The next move was to close the stills in Dublin, Tullamore, Cork and Coleraine and transfer their functions to a modern distillery in Midleton.

All malt whiskey was to be made at Bushmills on the Antrim coast, Ireland's oldest distillery.

Bushmills made its successful blends such as Black Bush by adding Midleton grain whiskey to its own malt spirit. Later they released their highly successful ten-year-old malt. As for the old brands which had previously provided Irishmen with solace at home and abroad, they were now all made at Midleton by deftly juggling a gigantic battery of pot and column stills, which allowed them to imitate the styles which had previously been the responsibility of different sites, recipes and wells.

The Irish Distillers found this easier than one might imagine because the country's distilleries had been for the most part urban institutions producing styles of pot-still whiskey. In this they varied considerably from the great Scottish distilleries, where the character of the whisky depended on a number of almost accidental factors, such as trace elements in the water and the shape of the stills.

Nor had traditional "Dublin Pot Still" ever been a malt whiskey. Malt formed part of a cocktail of grains which included rye and oats. This was blended before the mash was made and distilled for whiskey. The grains were dried in sealed chambers so that Irish whiskey was never impregnated with that kippery peat smell so distinctive in Scotch.

Irish whiskey was never blended either. Even before 1966 the styles were created in the stills, not by the Scotch method of putting together the produce of different distilleries and then smoothing over the rough edges with a bigger measure of bland grain spirit. The smoothness (some might call it blandness) of Irish whiskey came from distilling the spirit not twice, as in all but lowland Scotland, but three times.

This is how whiskey is made today at Midleton, but there is more column-still whiskey made these days than there was in Barnard's time. Barnard had travelled from distillery to distillery noting the continued use of pot stills in most of Ireland's distilleries, in spite of the fact that Aeneas Coffey, the inventer of the super-efficient continuous still, had been an Irish excise man.

Today Midleton makes six "building-block" whiskies: two pure pot still spirits, one of which is 100 per cent malt; two pot and column still blends, one with a majority of pot, the other mostly column still and two grain whiskies. It is these whiskies which are poured in their various permutations into old Bourbon, sherry and rum casks to become Jameson's Paddy's, Power's, Tullamore Dew and a host of less well known names restricted to the home trade.

Midleton does not quite have the charm of a Scottish distillery perched above a fast running stream in the mountains of the Highlands or set in the jagged coastline of a Hebridean island; nor does Irish whiskey have the nuances of flavour associated with a great malt, but it is a good drink for all that, and a worthy alternative to blended Scotch.

Personally I have always opted for Paddy among the brands on the advice of a medieval historian who told me that he always knew when he had had enough from the map of Ireland on the label: when the level got down to his native Leinster he put down his glass and went to bed.

■ Information: for anyone travelling in Ireland both the Irish Whiskey Corner in Dublin (tel: 07 72 55 66) and the old distillery at Midleton near Cork 021 61 35 94) operate tours and tastings.

Appetisers

Lunch on the river

WARMER WEATHER and longer evenings make it possible to enjoy to the full restaurants and hotels along the banks of the River Thames.

You can choose from The Leatherne Bottel, a restaurant with rooms, at Goring-on-Thames, Berkshire (tel: 0491-8726670); the Oakley Court Hotel (0628-74141) near Windsor, which offers Sunday lunch and a one-hour river cruise for £29.50 (and a nanny service on Saturdays); the Runnymede Hotel, Egham, Surrey (0784-436171), which is also a useful address for those using Heathrow airport, and the Beetle & Wedge at Moulsford, Oxfordshire (0491-651381), a restaurant and 10 bedrooms overlooking the Thames. *Nicholas Lander*

OUTDOORS

Gardening

In the beginning were the words

Robin Lane Fox *waxes ecstatic over bluebells and the new Plant Finder*

SPRING gardening is just on the turn: the first rosebuds are visible; by next week, wallflowers will be dropping their petals and hyacinths starting to turn yellow and die down. Meanwhile, nobody can complain about the recent clear spells in May. Lilac and fruit blossom have been wonderful and, to cap it all, we now have the best season for bluebells in the past five years.

Do try to visit a wood during the next few days while they are at their peak. They have revelled in the wet weather since last July and have proved the gloomy forecasts wrong. Bluebell woods in Britain will be among the first casualties if the globe ever starts to warm seriously. To judge from their mood at the moment, the forecasts of warming have a very long way to go.

We all love bluebells but, officially, we cannot decide what to call them. The uncertainties surface in this week's most welcome arrival: it is not an iris, a swallow or a peony but the most indispensable book of all for gardeners. The year's *The Plant Finder* is out, just in time to catch the cuckoo and to set us all on a mad path of hunting, visiting and ordering by 'phone.

The new edition is essential because it is bigger and has so many changes of address and identity. At £10.99, it is still superb value. If your bookshop cannot find it, you should apply to Moorland Publishing, Moor Farm Rd, Airfield Estate, Ashbourne, Derbyshire.

Chris Philip and Tony Lord have continued to widen their brainchild's scope and value. It now lists more than 60,000 varieties of plant on sale in the British nursery trade, together with code names for their sources, maps, and a check-list of their whereabouts. Each year, it cuts ever more deeply into my fictional bedtime reading. Not only is it a self-published best-seller – it is the essential companion for any keen gardener.

At this point, I should perhaps reassure the female reader who wrote to me last year asking if it was my column which had mentioned a privately-published Man Finder. There are fewer than 60,000 varieties, not many of whom can cook or sew; and as most of them carry a health warning, this volume has yet to finalise its distribution maps.

Meanwhile, in its absence, the new *Plant Finder* is a chance for a check-list of personal favourites. How are the national stocks of the yellow-flowered Onosma tauricum? Where can we still buy a long-flowering dianthus called Jane Austen? And who lists the rare, ice-blue Hepatica with the biggest and clearest flowers, Hepatica media Ballardii, which was for long presumed missing in commerce? My first week of bed-time cross-referencing has sent me to sleep with a smile.

All these favourites are alive in British circulation. Better still, the number of stockists continues to increase. I suspect that plant-finding is the sort of enterprise where growth is broadening the market. As we arm ourselves with this book and start to hunt more widely, more nurseries begin to trace and multiply the rarer lines of stock.

Twenty years ago, everyone was predicting the opposite. Big nurseries were slimming down and packing up; we all began to lament that gardens were "vanishing" because we simply did not know what a range of varieties was still on offer in widely-scattered nurseries without a central database. The *Plant Finder* has destroyed this myth. The balance might have shifted between particular families, but I doubt if there were more than 60,000 varieties from which our grandfathers could choose when making a pre-war garden.

We also have an embarrassment of nurseries – now up to 600 in the maps – and plant-finding acronyms, from CAbb to WWye. Random visits are the pleasure of a plant-finding summer, to places which sell Parma violets among the peat and goldfish to family nurseries round smallholdings in one of which, last summer, I found bindweed growing up through the floorboards and encircling neatly the pan of the visitors' indoor WC.

All manner of eccentricity lurks behind the acronyms, from plants in prams to gasbags who talk the doors off their plastic tunnels. *Plant-finding not only changes the* possible scope of our borders, it also widens our idea of humanity.

For scent in spring, try the low-spreading meehania, listed here from four suppliers (although I bought mine recently from a fifth); for a long season, try the old white Agapanthus Ardernei, now listed by five nurseries where, formerly, there was but one. The lovely white Helleborus olympicus is now available from three suppliers, although the *Finder* adjusts its name slightly; six sources list the low-growing Jeffersonia with sky-blue flowers for a shady place.

Last week, I wrote about the brilliant blue Echium webbii at Tresco and I now find that, in spite of the garden's doubts, two nurseries do list it, although cuttings are hollow-stemmed and not easy to root. As yet, the fabulous Paeony Joseph Rock has yet to re-appear in the lists and I am glad that, three years ago, I bagged a bit of a sky-blue spring Phlox called Geddington Cross: its one supplier has closed down. Otherwise, almost anything is there if you want it, and who knows what you might find if you gamble on the unknown?

The one problem for amateurs is *the naming. Rightly, the editors fol*low scrupulous standards and set the pace by keeping up with the latest botanical names. Montbretias, therefore, turn up all over the place and you cannot rely on a chrysanthemum any more. Here, the bluebells come back into view: while you admire a wood of them this weekend, what exactly should you call them in order to be politically correct?

Not long ago, you might have opted for a scilla, as a bluebell sounds patronising and emotive. Then, it became an endymion, like the gorgeous Greek boy who was loved in myth by the visiting moon.

Not so nowadays: a bluebell has become a Hyacinthoides, non-scripta being the blue British form. Was endymion thought to be sexist? I cannot keep up with botanists, and soon we gardeners will need a Name Finder as well.

Bluebells of happiness ... but catch them while you can

Jolly boating weather ... Etonian rowers on the river Thames. But the school thinks the traditional waterway is now too busy to be safe

Eton's oarsmen land in a hole

***Michael Stourton** reports on the latest development in a dispute splitting the community*

ETON, Britain's most famous school, wants planning consent to quarry 3.5m tons of gravel and fill the resulting hole with water. The college calculates this would take eight years; the result would be something – described variously as a rowing lake, course or trench two kilometres long, half a kilometre wide and covering more than 11 acres.

All this would take place on agricultural land at Dorney; although owned by the college, it is inside London's green belt, within which development is supposed to take place only under the strictest controls, if at all.

The planning application was turned down but an appeal opened on Wednesday this week. It is being heard by an inspector from the department of the environment.

Should it succeed, the effect on the lives of local residents would be serious. For eight years, they would have to endure noise, dust and fumes from the extra traffic. Internal roads would have to be built. In certain instances, paths, bridleways and tracks, used for years by residents and visitors for recreational purposes, would be removed.

Eton was aggrieved by the refusal of planning consent. For one thing, it had been at pains to make clear that the new lake would be shared with other, less-privileged schools. For another, it believed Eton boys would be more relaxed and safer rowing up and down this artificial course instead of sharing the river Thames with its busy boating world.

What came as the biggest shock, however, was the whisper that Etonians themselves were having second thoughts about the project. Would things be the same, they asked, without the glamour of the river and the traditions built on it? Would the famous Eton Boating Song sound anywhere near the same as schoolboy rowers toiled up and down a monotonous off-Thames course?

Even more to the point, the doubters pointed to the school's great liberal traditions, of which pressurisation was never a part. This argument gained ground increasingly as more and more glossy pamphlets favouring the project were produced, along with letters from the headmaster to parents and entries of encouragement in the Old Etonian Association journal. There were designer mock-ups and artists' impressions – even the promise of a nature reserve (referred-to, trendily, as a Nature Conservation Area).

Further appeals were made. The college's bursar wrote a letter that started: "Dear Friends of Rowing." There was a circular letter from the chairman of the Henley royal regatta addressed to "Member of the regatta enclosure." And there was a rallying call to past and present members of the Eton Viking rowing club. Recently, though, I asked a senior boy at Eton what he made of the proposal. "A waste of money," he replied, with commendable brevity.

With the planning refusal on the table, Eton had two choices: either to accept it with regret and dignity – or to appeal. In the latter case, though, more issues were at stake than a mere "yes" or "no." In particular, there was the delicate issue of Eton College *coming into direct and public confrontation* with a significant number of "ordinary" people opposed to the project.

Locals put it more bluntly. Which, they asked, came first: a sport at Eton which had already achieved great success using existing facilities on the Thames, or the quality of life for residents in the way of a powerful and prestigious institution?

This, then, was the situation the college's provost and fellows faced after the planning refusal. The fellows are an august body of men with wide fields of interest and accomplishment. Among them is old Etonian Douglas Hurd, the foreign secretary.

The decision was made to fight and mount a carefully-prepared counter-attack. Specialists were retained and, on Wednesday, battle was joined. The result is expected to be known in about five weeks.

Meanwhile, Eton will be en fête as usual on the fourth of June. Where? On the River Thames, of course.

Fishing / Tom Fort

Anyone for golf, chaps?

IT HAS ALWAYS been a source of wonder, and some irritation, to me that so many otherwise sensible and civilised people should be obsessed with golf. I cannot make up my mind which aspect of the game is most off-putting: the self-importance of the committee types who run it: the pettifogging rules they impose; the manicured artificiality of courses; or the inherent dullness of hitting a stationary ball and walking after it to hit it again.

I dallied with golf a while ago, mastered its basics (mastered might not be quite the *mot juste*), then put it aside. I felt that golf and fishing were spiritually antipathetic and that I had to make a statement about where I stood.

In the light of the start of the new trout fishing season, however, I am reviewing my options, reassessing my priorities and considering the possibility of rowing back. Like President Clinton's first 100 days, my first week did not fulfill expectations.

The advantage of golf, I now realise, is that you are either playing it or you are not playing it. This might sound ridiculous; but what I mean is that, when playing golf, you place the ball on the tee and you hit it. It might land in a duckpond or a bramble thicket, but there is no doubt that you are playing golf.

What, though, of the fisherman who has on his waders and coat, his bag and net slung over his back, his rod in his hand – but is not casting his fly? Is he really fishing when all he is doing is stalking up and down the banks, staring at the water, and cursing the absence of visible fish life? I think not.

My first outing was on the last Tuesday in April. On the whole, I do not believe in April trout fishing: May 1 is the time for the off. But I had played cricket that Sunday (caught at mid-on for six, if you must know), and it had been balmy enough to persuade me that the season was advanced enough for trout to be on the look-out for the first titbits of the year.

This opinion was not shared by the trout. Titbits there were in the shape of hairy, black hawthorns dropping occasionally from air to water. But the fish kept their noses down. I prowled around for a couple of hours, noted the marvellously beneficial effect on the river of a winter's decent rainfall, and scarcely bothered to cast. Give it a week, I thought.

I gave it a week. Sunday's cricket had been decidedly chilly (given out leg-before for two by an umpire who was corrupt, or senile, or both), and the chill persisted. I made a bad start by looking at the book in the fishing hut in which members are obliged to record their catches.

The theory behind looking at the book is sound. If others are catching fish, the confidence that you will do the same should rise. On the other hand, if they are not catching anything, you are reassured that you can do no worse.

So much for the theory. I found that they *had* been catching fish, and big ones – three over 4lb and one six-pounder. They had all, I noted resentfully, been taken the previous Friday and Saturday when it had been warm and sunny, with a soft breeze from the south. Now, though, it was dry and the wind from the north-east was cold and discouraging.

I reminded myself that those who write about fishing must fish to have anything to write about, then set off. My morning was entirely barren, as I could not find a feeding fish anywhere. I met another member, who agreed that there was no sort of a rise before confessing, with an intolerable smile, that he had managed a brace, one just above 4lb and the other just below.

I asked him what fly he was using. He showed me something that looked like the business end of a garden broom. "Doesn't look like anything on the water," he smirked, "but they seem to like it."

A little while later, I found a rising fish. It looked like a tiddler, so I was more than usually ill-prepared when it took, tore across the stream (ripping line off the reel) and rushed through a weed bed. By the time it came out the other side, the connection between fish and fly was no more.

Muttering grimly, I stomped off to a distant part of the river where I was sure they would be feeding. I took a short cut – which involved climbing over a barbed wire fence, on which I tore my waders – and found they were not feeding. I continued on my way, at almost every step disturbing wild fowl which flapped, quacking, into the air before belly-flopping on all likely fish-holding spots upstream. At last, I returned to the hut, wrote "Fort – nil" in the damned book and left.

Since then, I have acquired some old golf clubs. I am eyeing them now, recalling the sweet satisfaction of following the progress of a cleanly-driven ball, the smell of a mown fairway, the laughs, the comradeship. Perhaps ...

Country Note / Michael Woods

The polecat's return

AS GAMEKEEPERS continue to become endangered species in many areas of the UK, the victims of their constant vigilance during the past century and a half are beginning to return to the countryside.

Some have not been seen in living memory over large parts of the country and were long ago crossed off the list of native fauna by most people. One of these is the polecat, which has been waiting in the wings, mostly holed up in the wilder parts of Wales, until conditions were right to move back on to the English stage. The end of gin traps and the protection given to it by the 1981 Wildlife and Countryside Act are part of the reason for its current expansion.

So, too, is the growing rabbit population, which is surviving better in our warmer winters and reaching higher levels in between bouts of myxamatosis.

Polecats are voracious rabbit-eaters: more than a third of their diet consists of rabbits and almost three-quarters is mammalian in content, largely mice and voles.

Polecats hunt mainly at night and are quite happy to pursue prey underground, being able to slip into quite small spaces. They chase their quarry with a series of large leaps and jump on to it, dispatching it with a bite to the back of the neck.

They are known to feed on amphibians and can cope with the poison glands of toads which deter many other species. Like moles with worms, they will cache numbers of frogs and toads, which are bitten at the base of the skull to paralyse rather than kill them and so keep them fresh until required.

They live solitary lives. Each has a number of dens, spending about 24 hours at each before moving on to the next. In winter they tend to den in farm outbuildings or near dwellings on the edge of settlements where prey will be more numerous, and where they are more likely to be seen. But few people would recognise the dark, lithe, ferret-sized animal with a masked face as a native and, as it has now crossed the River Severn and is moving steadily eastwards, it is likely to feature increasingly in press reports of strange animals crossing roads at night or turning up in suburban gardens.

Dr Johnny Birks, of English Nature, who has recently started a two-year project studying the return of what he sees as a long-lost friend, is concerned that, like the mink, the polecat will be regarded as an invading alien and will receive a similar exaggerated and hostile press. He is currently collecting road casualty polecats in the border counties in an attempt to assess the status and speed of its spread. His task is made more complicated by the fact that polecat ferrets have a very close resemblance to wild polecats; only careful measurements of the skull will distinguish the two. It also has one other snag – the polecat's smell. Not for nothing is it also called the foul marten ...

FASHION

JEWELLERY is being worn ethnic this summer, writes Lucia van der Post. Put away (for another time, another fashion) your discreet diamond studs, your pearls, your genteel little brooches – and search out the biggest, boldest, chunkiest pieces you own. According to Veronica Manussis, of Cobra & Bellamy, this season's jewellery is "savage and brutalistic." Which is why she and her partner, Tania Hunter, have put together one of the biggest, most exciting collections of amber jewellery to be seen in many a year.

Amber is the fossilised resin found in fossilised trees. As those who love it will know it comes in many colours, from clear, pale yellow to richest blood red. The changing colours are caused by minerals from the soils, by the earth's movements and by the degrees of pressure to which the amber is subject.

Cobra & Bellamy's collection is all from Russia, mainly from fossilised forests around the Baltic Sea. There are huge, chunky necklaces and bracelets of raw amber, some of which are photographed above. Prices for a necklace of some presence range between £200 and £400, though the most spectacular is £3,000. Then there are more refined and sophisticated pieces which they buy cut, often as cabochons, and which Veronica incorporates into her designs, setting them in sterling silver. Prices for these brooches, ear-rings and rings start as low as £9 for a pair of very simple ear-rings. A ring with a great deal of panache could be had for £103, a brooch for £63.

The collection is on sale now at Cobra & Bellamy, 149 Sloane Street, London SW1 and the Cobra & Bellamy shop in Liberty of Regent Street, London W1.

It's true: you are what you wear

Lucia van der Post reflects on dressing for work – and invites FT readers to a fashion workshop

DRESSING FOR work, we learned from the series of articles we have just finished in the Weekend FT, is a serious business. Whether it was an architect purveying a minimalist message, a surgeon trying to look safe with a scalpel, a government minister dressing to care, or an advertising executive trying to look creative AND responsible, everybody agreed that, whether we like it or not, how we dress conveys a powerful message.

Getting it right is not always easy, particularly for those who, perfectly properly, feel that their mind is better applied to the job in hand than to the clothes in their wardrobe.

Quite right. Let physicians stick to their stethoscopes, architects to their drawing-boards, lawyers to their briefs, and politicians to their boxes. But there may come a time when you might like a professional to sort out your wardrobe – just as you would call in an architect to build a new house, or an artist to paint a portrait.

This kind of help is in its infancy in the UK. In the US, stores have long acknowledged that the way to prosperity is to keep the customers happy, and the way to keep customers happy is to make them feel good in the clothes they buy. The store that stops you buying purple flares or an over-busy jacket is the store you go back to. The assistant who takes time and trouble to help you put a look together is the one you learn to trust.

A few of the smaller, more upmarket British boutiques have led the way. Susie Faux at Wardrobe, 3 Grosvenor Street, London W1 and 17 Chiltern Street, London W1 has long had a well-deserved reputation for helping the professional woman look both efficient and glamorous – NOT as easy as you might think.

She and her staff advise on hair, make-up and accessories as well as the clothes. "These days," says Susie, "my customers cannot afford to have two wardrobes so increasingly they want clothes that work in their professional and private lives. Though we are commonly perceived to be an expensive shop and you cannot dress well on nothing, the average income of our customers is between £15,000 and £18,000 a year – but they believe that good clothes are an investment." Her favourite labels are Jil Sander, Erreuno, Mani and Strenesse.

I have had great success at Whistles stores, where if you are prepared to spend time and look as if your mind is made up about getting a new look you can persuade an assistant to give you some serious attention.

Some of the larger stores, such as Harvey Nichols and Harrods, have full-time wardrobe advisers who will search out garments for you at no extra charge. A colleague and I asked Gabriella Di Nora of Harvey Nichols to help find something special for a chic wedding. Gabriella was sympathetic and unpushy and she tried very hard. We both thought she was extraordinarily nice but we had initially hoped for a little more flair.

The lesson is that no matter how clever a wardrobe adviser is, it takes time to build up a relationship. Gabriella had never seen my colleague and it was asking the impossible for her to come up with some stunning number for a total stranger.

My colleague went back a few days later and Gabriella produced a much more interesting collection, from which she eventually bought two suits: a navy-blue one by Yves St. Laurent (in the sales reduced from £750 to £300) and another by the German designer Lange with which she is extremely pleased. She will be using Gabriella again and Gabriella has even promised to look out for bargains that might suit her when sale time comes round.

Lydie van der Meer

Joan Burstein, who will run the fashion workshop for FT readers, wearing Donna Karan

Andrea Galer is strictly speaking a dress-designer cum dressmaker, but she seems to become a wardrobe adviser to her clients. She started as a costume designer and when asked to provide a series of snappy clothes for the yuppies in ITV's *Capital City* (remember the elegant Johanna Kanska?) she realised how difficult it was to find stylish clothes at a reasonable price. She then went into the designing and manufacturing business and now provides a beautiful bespoke service for a raft of (mainly) professional men and women.

Soft wool and silk or silk and linen jackets, linen dresses, hand-printed silk blouses – the clothes are lovely but not cheap. A bespoke jacket would cost about £550, an off-the-peg version (she always has a collection so that customers can see her range and style) about £400. Her customers, such as Jane Hill, a writer and art consultant, stockbroker Ruth Sack and barrister Gillian Marks, love the personal attention, the fact that the clothes really fit and that every one is different. Her shop is at 4 England's Lane, London NW3. Tel: 071-483-3242.

If you want wide-ranging advice – from how to get your hair cut, what shoes to buy and which of the many designers and shops is the one for you – then Amanda Platt (who regular readers may remember "did over" our buccaneering travel writer Nicholas Woodsworth) will give you her personal undivided attention for £225 a day. And if you think that is expensive, I would point out that that sum will ensure everything you buy will really work for you and will probably end up costing less than you would have spent on your own. Contact her at 28 Holland Park Avenue, London W11 3QU. Tel: 071-229-8109.

Finally, if you are still confused (and if you are, you are not alone) and longing for help Browns, of 23-27, South Molton Street, London W1, is holding a fashion workshop on the evening of Tuesday June 8 for the first 50 *Financial Times* readers to apply for tickets. Joan Burstein, the inspiration behind Browns and a legendary chic figure in the retail world, feels that fashion at the moment is in a state of flux and that most of her customers are more in need of advice and help than ever before.

"Unless we are under 20, in which case there is no problem, it is difficult to find a look that is comfortable, suitable and fashionable," she says. "I, for instance, am wearing trousers now which I have not worn for years. The long skirt is still a debatable issue as far as I am concerned – it isn't so much the length that matters as the proportion. I find a long skirt also looks better if it is of flowing material and not stiff, and the right shoe (with a heel) is essential.

"Above all, women should feel comfortable in their clothes. Clothes should never be tight, and women should never get talked into buying something that they are not going to enjoy wearing. I wish customers would ask for help more. All my staff love to help and are trained never to push customers into unsuitable clothes – we want them to come back, which they will only do if they are happy – but on the whole the British are shy to ask. Many of our customers start with us by coming during the sales, and I wish more people knew about our Labels for Less shop across the way at number 45, where there are always bargains on offer."

Those who are accustomed to thinking of Browns as expensive (and undoubtedly some of the labels are) should know that there are also plenty of less expensive things that could do wonders for any wardrobe – Jil Sander T-shirts in masses of colours at £15 a time, fine, silky long-sleeved cotton tops in mouth-watering shades at £25, a crisp, classic white shirt for £25 and so on.

She thinks the key pieces this season are a blouse with a jabot, a long sleeveless gilet and soft, widish crêpe trousers (but study the proportions carefully). "I don't say no to jackets – most working women need them – I just say NO to power jackets. It is fabrics that matter – they should be softer, more flowing, more sensuous."

The Browns/FT fashion workshop will run from 6.30pm to 8.30pm on Tuesday June 8. Tickets are £20 (the money will go to the Leukaemia Research Fund) and will also entitle the reader to a 15 per cent discount on all purchases until the end of June. Champagne and snacks will be served, a Molton Browns goodie bag will be given to every reader and for the winner of a lucky draw there will be a £250 gift voucher. Tickets will go to the first 50 readers to send their name, address and £20 cheque (made out to the Leukaemia Research Fund) to me here at the Financial Times, No. 1 Southwark Bridge, London SE1 (mark the envelope Browns/FT Fashion Workshop).

Kate Ward Jones: a helping hand with personal style

Best advice from a closet mistress

Jane Mulvagh puts a wardrobe adviser to the test

MANY PEOPLE, both men and women, initially baulk at the idea of going to a dress adviser assuming that, like an interior decorator, they are an unnecessary extravagance.

The popular myth runs like this: they flounce into your life, toss out half your wardrobe, impose their own taste, turn you into a fashion victim by sending you to a designer with whom they are in cahoots and then charge you for the humiliation.

On the other hand, if you have just experienced a big change in your life – be it a windfall, a change of job, a new relationship or the birth of a child – treating yourself to a dress advisory session can be a therapeutic fillip.

This is where the London Fashion Advisory can help. The most significant feature of the LFA is its independence. It offers impartial advice and recommends shops and private dressmakers who do *not* pay them a kick-back for doing so. Sessions take place in the privacy of your home, after work if necessary.

This is not only for your convenience but also to allow the consultant to see you in situ and assess your wardrobe and the state in which it is kept. A consultation takes at least three hours, can be exhausting and costs £180.

The LFA is run by Kate Ward Jones, a 32-year-old graduate of fashion who has spent ten years as a private dressmaker. Her strengths are that she is keenly informed about cut, shape and cloth; she is objective about your shape and colouring; has amassed an impressive array of research and – most important – conducts herself with winning tact and kindness.

She is not, however, a creative original; her strengths are that she will respect your taste, will help you create an idiosyncratic style of your own or, if that is what you want, just help you dress in a more flattering or suitable manner.

Doctor Alison Joy, a London GP, agreed to be our guinea pig – although she said she would normally never dream of employing a dress adviser because she did not want to change her own style.

Her current wardrobe is jampacked, as she loathes throwing things out, and contains a few good classics, brought recently, some "Oxfam Grunge" bought as a student and still worn, and a few dearly-loved character pieces. She has a strong artistic streak and a suspicion of corporate dressing.

Kate first asked what Dr Joy was aiming for. A new look? Not particularly. A clearout? No, she hates throwing things away. To spend some money? Yes, she wanted a better wardrobe both for her professional and private lives.

Alison admitted that she has never spent more than £1,500 a year on clothes and shoes, but now that she wanted to improve her wardrobe, "an independent adviser is very helpful, for friends and husbands get bored with this sort of overhaul."

Like so many women, and in spite of a pleasing figure, she is dissatisfied with her shape. "I should be small all over but in fact I'm small on top with wide hips – a classic pear. It's a difficult shape to buy for off-the-peg."

Kate worked steadily through the clothes, making piles to keep, piles to alter, piles to sell and piles to give to Oxfam. Her diplomacy was impressive but she rightly pointed out that "I'm going to be ruthless and say what I think, because you're paying me for this."

Kate quickly grasped the essentials of Alison's lifestyle. Throughout the session she emphasised that "clothes are a serious investment and you must look after them."

Maintenance tips are part of the service: metal coat hangers, old dry cleaning bags and sentimental but unwearable hand-me-downs were all banished. She gave advice on moths, how to press clothes by hovering a steam iron a millimetre or so above clothing rather than pressing down on them, how to disinfect wardrobes and keep them aired. She recommended that jumpers be washed inside out and suggested spot cleaning rather than repetitive dry cleaning.

Best of all were her "make do and mend" tips. A beautifully tailored but very old-fashioned cream wool overcoat was transformed into a long-line dandy jacket with amusing buttons, while the garish red braid that had rendered a loden jacket unwearable was exchanged for a subtle and pretty floral one. The jacket has become the stalwart of Alison's country wardrobe. Two favourites – Moschino shorts and a Pollen bustier which are no longer pristine – were altered and copied.

A few days later Alison was sent a thorough report suggesting what needed to be bought, altered, copied, thrown out and including a helpful list of stores with varying price levels: ranging from Fortnum & Mason and bespoke tailors to inexpensive boutiques in the suburbs. If Alison had wanted to, she could then have gone shopping with a consultant to advise her.

On the whole the suggestions were sensible rather than wildly original, concentrating on a professional working woman's look, but overall LFA did an impressive job.

Alison's verdict? "On the whole I thought Kate was excellent, although I felt that she was dressing me up too much as a professional woman and not enough for my real life or my fantasy life, be it the countryside or playful evenings. Her knowledge about tailoring a shape is good. She taught me how to use my figure and not to mind its curves. Kate gave me the guts to use my good bust and has suggested bodies – they are flattering and inexpensive and don't have to be ironed! I've already bought one each from Maxmara and Graham & Greene."

She also felt that Kate was excellent at pulling various pieces together, at advising how to add a new belt or an inexpensive accessory to make them look smarter.

Another satisfied customer said: "LFA came to my rescue. I have no time to plan a wardrobe, let alone go shopping on a budget, and they even helped to produce a new wardrobe out of old clothes and horrendous mistakes."

Amanda Pelham Burn, director of Corporate Relations International, says: "LFA performed the arduous task of forcing me to weed out a 15-year-plus collection of clothes. Once I could see what was left, together we built a coordinated and organised wardrobe for both work and play."

■ London Fashion Advisory, The Plaza, 535 Kings Road, London SW10 0FZ. Tel: 071-376-5046, fax 3071-76-5510. Wardrobe consultation £180. Each hour thereafter £45. One-day assisted shopping trip, £250.

Close to the elephants: experts Iain and Oria Douglas-Hamilton will take FT readers among huge herds drinking by the baobabs

Green shoots in Africa

Lucia van der Post invites readers to join her on a special trip to Africa

I THOUGHT I had hung up my (professional) safari hat. With small groups of FT readers I have canoed down the Zambezi, camped in the innermost reaches of the Kalahari, walked through swamps in Botswana, looked for Bushman paintings in the Tsodilo hills, skirted hippos in the Okavango Delta, watched the eagles fly and the lion hunt ... happy, happy days in the company of lots of smashing readers.

That Africa could still have further delights to offer seemed unimaginable. But that was before I met Iain and Oria Douglas-Hamilton.

Anybody who knows anything about Africa knows that there is scarcely another soul who knows as much about elephants, who has spent as many hours right in among them, as Iain and Oria. Ever since Iain went out to Africa as a young Oxford zoology graduate to complete his Ph.D thesis on elephant behaviour, and met Oria at a party in Nairobi, elephants have been their lives. They have studied them on the shores of Lake Manyara, charted their falling numbers up and down the width and length of Africa, fought for them, lobbied for them and written about them. "Nobody," said Desmond Morris recently, "has done more for elephants than the Douglas-Hamiltons."

So a chance to go in among the elephants with Iain and Oria as our guides seemed special enough to make me look to my safari hat. This will be the first time the Douglas-Hamiltons have taken a group on this kind of safari. There are places for just 16 people in all. The Douglas-Hamiltons will accompany the group from beginning to end. They will take you among the groups of elephants they have got to know so well in Lake Manyara, in Tsavo East National Park and along the Tarangire River where in September (the time of our safari) huge herds gather to drink among the baobab trees.

You will stay in private camps, most of them set up specially for the group in areas where the game viewing is best or where the herds are known to be gathering. There will be picnic lunches in the bush, evening meals on the banks of rivers, nights spent with nothing but slivers of canvas between you and the African darkness.

Iain and Oria, however, will not be the only experts. After seven days the group flies (with the Douglas-Hamiltons as well) to the ottoman-style camp of Roland Purcell in the Mahale Mountains on the eastern shores of Lake Tanganyika. Here among the palm-nut vultures, the fish eagles, the goliath herons you will stay for three nights, with Roland on hand to illuminate the experience. Roland is to chimps what the Douglas-Hamiltons are to elephants. He has studied them, knows their families, has given them names and is a world-renowned expert on primate behaviour. There, in the tropical rainforest, is the largest known group of chimpanzees in the world, some 100 strong, which Roland will take you to.

From the Mahale Mountains another private charter flight takes you to your own camp in a private part of the Masai Mara Reserve to search for the wildebeest migration, one of the great sights of Africa.

The trip ends with three days in the Douglas-Hamiltons' own home on the shores of Lake Naivasha with more local treats such as lunch among the flamingoes of Lake Nakuru and a flight round Mount Kenya (designed to make sure you come back to climb it).

The safari starts at Heathrow on Friday, September 3 and finishes back at Heathrow on Monday, September 20. It has been orchestrated by African Explorations of Holwell Manor Barn, Holwell, Burford, Oxon OX18 4JS.

At £5,499 per person it is not cheap – (time perhaps to say sod the recession?) – but I believe that what you will be getting is unbeatable: world authorities on elephants and chimpanzees, private camps in secluded parts of the bush and private charter flights from one area to another.

Anybody wanting more information and a detailed itinerary should write to me at *The Financial Times*, No 1 Southwark Bridge, London SE1 9HL, marking the envelope "Safari". To book a guaranteed place a deposit of £1,000 will be required (non-returnable except in cases covered by holiday insurance). It should be made payable to Africa Explorations but sent to me.

As I have learnt from past experience that readers in far-flung parts feel rather disadvantaged by distance and postal services, I will allow a full fortnight for letters to arrive and itineraries to be sent out. After that it will be first come, first served.

"Even today, to visit Africa is a feast for the senses," says Bartle Bull in his splendid tome on the history of the safari. I believe he is right. We cannot know what Africa must have looked like to those first explorers a century and a half ago but I do know that conservation policies are beginning to show some results. Iain Douglas-Hamilton tells me the elephant herds in Kenya are healthier and more numerous than they were ten years ago. Everywhere a sense of the treasures that we so nearly lost – and might yet lose – has brought a heightened sense of care and awareness. At present we are lucky. The Africa we yearn for is still there to be discovered.

Hire education for DIY idiots

*From chainsaws to scaffolding, the local hire shop can provide tools for every job. But watch out for snags, says **Peter Knight***

TO EXPERIENCE the truly unbridgable gap between fantasy and reality, stop dreaming about that film star and head for your nearest tool hire shop.

These emporia of (mainly) manly interests enable anyone instantly to become anything from a scaffolder to a chainsaw-wielding lumberjack. But, before you hire, be prepared for extreme disappointment and even severe personal injury.

A friend hired a miniature trench digger, which looked wonderful: a sort of scaled-down cross between a Caterpillar and a JCB. He climbed into the machine, accelerated a little too viciously and flipped it over. He is still paying off the loan he required to finance a year-long relationship with a chiropractor.

My local hire shop is on the school run and, every morning, I see Transit vans being filled with those bits of equipment that jobbing builders cannot afford.

I do not know the injury rate among the chaps in these battered Fords, but the shop does a good trade. And I assume the tools are brought back by people who have succeeded not only in using them correctly but also have managed to protect themselves from terrible injury.

At weekends, the customers change. Volvo estates line up, and men who look as though they have never lifted anything heavier than a Biro load equipment with which they intend to improve their homes and gardens.

I am one of these men, and I believe everything I read in the brochure. "Makes old wooden floors look new ... combines operator comfort and control with an outstanding performance" ... "for easy removal and fitting of engines" ... "designed to break concrete and other hard materials ... with minimum operator fatigue." And so on.

The fantasy that grips weekend hirers is so strong that, even after a number of expensive and possibly injurious mistakes, we return to try another tool we hope will bring that unattainable improvement to our lives.

A few weekends ago, I spent an entire Saturday stuffing garden cuttings into the dangerous and noisy mouth of the chipper/shredder, said to be capable of turning 3in-diameter branches into instant sawdust.

"Whenever there is a requirement for large-scale garden waste disposal," sang the brochure, confidently, "this powerful chipper/shredder will cope."

The reality was that it did wonderfully on dry branches but any organic matter with a moisture content higher than about 30 per cent caused great problems.

First, the little petrol motor spluttered, smoke rose from the hopper, and hidden blades chattered like demented monkeys caught in the bowels of the machine. Then, with a great cough, it would die, forcing me to dismantle various bits and clear the gunge.

After nearly an hour of noisy failure, I was left with a mere handful of shreddings. The bill to learn that garden shredders, no matter how powerful, are not suitable for damp waste came to about £60 (hire, VAT, insurance, delivery and petrol).

I should have known better. On previous forays with hired equipment, I have failed to sand a floor (entirely my fault), failed to polish a floor (also my fault), and failed to knock down a wall with a bucking bronco device that I could hardly pick up when switched off, let alone press against the bricks when alive.

The problem is two-fold. First, it is silly to think that you can do a job quickly and elegantly without some experience in using the tool you have hired. But, second, the hirer should be obliged to explain the true abilities of the tool.

To take my case, most garden waste in the middle of winter is pretty damp, and it is no good flogging a shredder without warning the ignoramus waving his credit card that the machine does not like wet leaves.

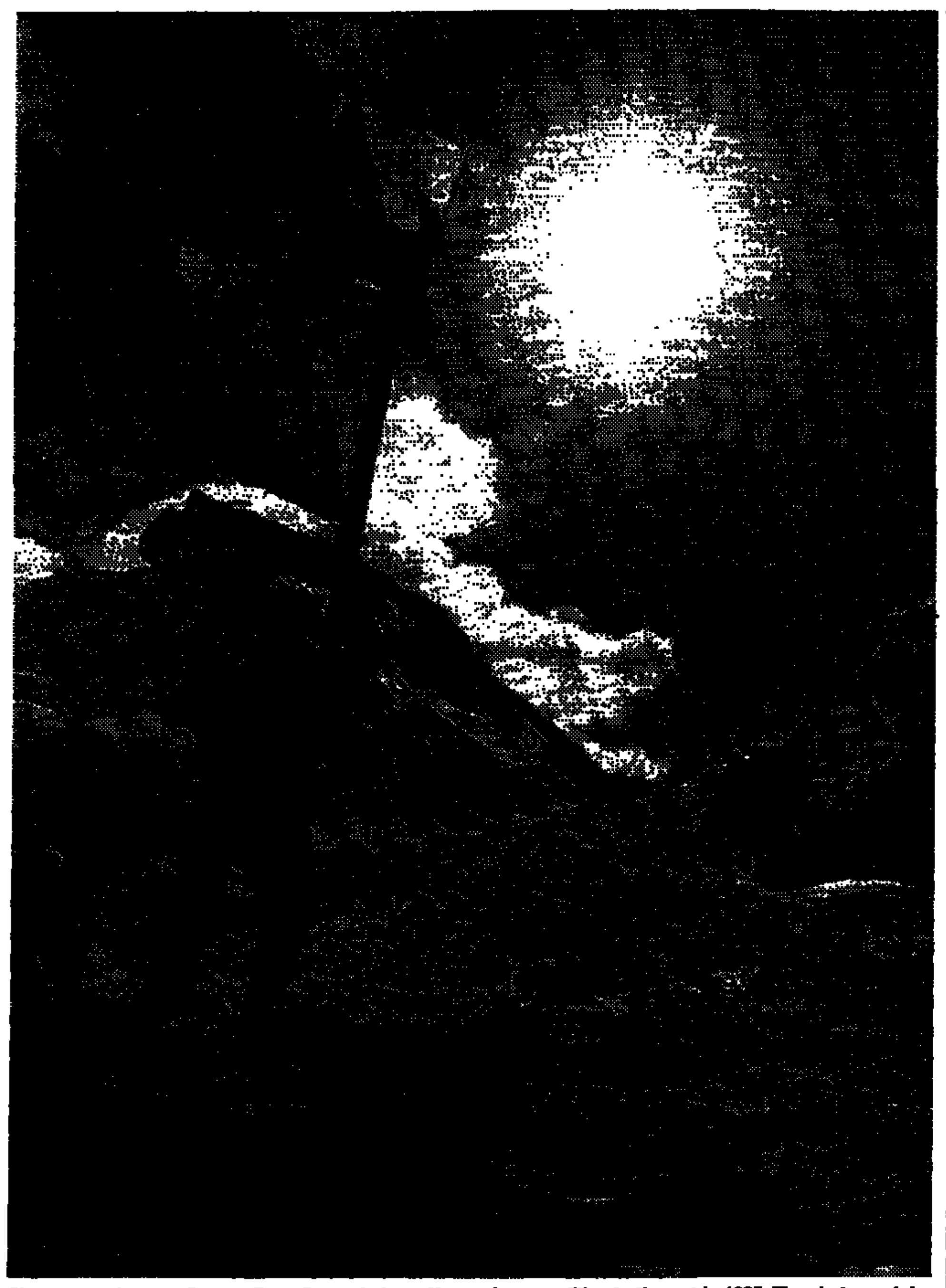
This need is becoming even greater as hire shops start to look for more business from weekend idiots. HSS Hire Shops now stock patio heaters – a sort of umbrella affair with an element that radiates heat so that we "can enjoy outdoor entertainment in comfortable warmth." They also have candy floss-makers and gas cylinders to blow up 200 balloons.

HSS has acknowledged that, if it intends to pursue the leisure side of the market, it has to be understanding about people's failures. The new HSS brochure offers a money-back guarantee if the hired contraption does not work as described.

I've got my money back and now have my eyes on the Mini Crawler Excavator and Dozer.

Its "tear-out force" is a mammoth 1.2 tons and it costs only £110 a day (plus VAT, transport and insurance). All I need now is to find something tough to work on.

BOOKS



Sherpas erect prayer flags at Base Camp during a Norwegian expedition to Everest in 1985. The photograph is one of many outstanding mountain landscapes in "Everest: The best writing and pictures from seventy years of human endeavour" (Little, Brown and Company, $35/£25, 208 pages), edited by Peter Gillman

Walter's secret passion

Anthony Curtis welcomes a revelatory biography of de la Mare

WALTER de la Mare had one of the longest innings of any British poet. He was a young hopeful at the turn of the century; he was a Grand Old Man in the 1950s, a CH and an OM, having turned down the offer of a knighthood. By then he had to his credit two massive collected volumes – *Collected Poems* and *Collected Rhymes and Verses* (both now reissued in paperback by Faber). He was exceptionally active as a creative writer and anthologist from his sixties onwards, producing five volumes of poetry between 1942 and his death, aged 83, in 1956.

When de la Mare was an obscure young man, working as a clerk in London, the cult of Beauty associated with Oscar Wilde and his set was all the rage. One of the photographs in Theresa Whistler's *The Imagination of the Heart*, an authoritative biography gestated over many years, shows de la Mare in the typical gilded lily attire of the aesthetic movement. When he was an old man, a widower living at Twickenham, the cynosure of a wide circle of friends and admirers, his dress had become casual and his publisher had become the author of the *Four Quartets*, thanks to his son Richard, a colleague of Eliot's.

Thus de la Mare was not just pre-modernist but a pre-Georgian to boot. True, generous amounts of his work were included by his benefactor Sir Edward Marsh in his collections of Georgian Poetry from 1912-1922, and those best-selling anthologies helped to establish de la Mare's reputation; but while de la Mare became friendly with other Georgians such as W H Davies, Ralph Hodgson, Siegfried Sassoon and Rupert Brooke, as a poet he remained aloof from the movement. And he stayed staunchly his own man throughout his working life. He inhabited a remarkably solid and impregnable ivory tower, a place of enchantment and mystery, unsullied by *ennui* and sensuality, where a mature technical mastery over language and rhyme is deployed to recreate the innocent vision of childhood.

The ancestry of his work may be found partly in Edgar Allen Poe and also in the anonymous tradition of the Border Ballads, whose haunting refrains and narrative magic are echoed continually. As a poet de la Mare remained aloof not just from poetic movements and fashions but from contemporary history. The traumas of the 20th century are seldom reflected in poetry which seems a delightful irrelevance once childhood is over. We feel it to be a truancy from responsibility.

Theresa Whistler does not combat directly the view of him as a poetic isolationist but her book helps the reader to see that there was rather more to him than it would suggest. To begin with, he had the most almighty struggle to become a writer at all. He won a scholarship to St Paul's Choir School from a humble background, Huguenot by origin. Further education or training was out of the question. He was forced to accept the option of a clerkship in the oil business for a meagre salary under conditions worthy of Mr Gadgrind.

THE IMAGINATION OF THE HEART: THE LIFE OF WALTER DE LA MARE
by Theresa Whistler
Duckworth £25, 478 pages

Eighteen years would pass, during which he married a woman older than himself and raised a family of four children, before he was liberated from his office stool. During those years his working day as a poet began around midnight. Yet poems and stories poured out of him. He seemed undaunted by the regularity with which they were returned by the journals to which he submitted them. In his meticulous, clerkly way he preserved every rejection slip.

Eventually he achieved his breakthrough and a minor reputation. On the strength of a one-off grant from the Civil List of £200 de la Mare was able at long last to quit his job. In those days pensions for lowly employees were unheard of and his livelihood was still precarious.

He became a staff-reader for publisher Walter Heinemann – almost as great a form of servitude as the oil business. What saved him, ironically, was the death of Rupert Brooke. De la Mare was one of three poets (Wilfrid Gibson and Lascelles Abercrombie were the others) to whom Brooke left the royalty income on his copyrights, a marvellously far-sighted gesture on Brooke's part that makes one feel quite differently about him.

De la Mare: a sketch by William Rothenstein

De la Mare now began to take his rightful place among the lions of contemporary poetry. His work was favourably reviewed in the prestigious Saturday edition of the *Westminster Gazette*. Its literary editor was Naomi Royde-Smith, a woman of powerful ability and striking presence. De la Mare met her at one of her parties and instantly fell for her. The revelation of the biography is the passionate affair between them that ensued. Theresa Whistler asks us to believe that it was a platonic passion, never consummated even though the couple once spent three days entirely alone together. She must forgive us if we remain sceptical.

At any rate, thanks to this book we can re-read de la Mare's love lyrics knowing who inspired them. The best known ends with the line "the sweet cheat gone" and its structure, turning on the idea of non-consummation, is characteristic of de la Mare's art. His even more famous anthology poem "The Listeners" is another instance of non-consummation. The moonlit Traveller knocks on the door. No one answers even though he feels there is someone there behind it. He goes away unsatisfied. It is quite clear from this book that de la Mare had no idea what all this signified nor who "the traveller" was meant to be, even though he was asked hundreds of times.

In his short stories the theme is repeated again and again. Here the traveller tends to go, not on horseback, but by train. Graham Greene, who much admired de la Mare's tales, drew attention in a perceptive article to the prevalence in them of the railway station as a point of departure for a quest into the unknown. De la Mare dealt at length with unconsummated love in the compass of a long novel, *Memoirs of a Midget*. In this novel the diminutive heroine is only two feet high and we see the world entirely through her eyes – a *tour de force* of invention comparable to Swift's in *Gulliver*. Miss M. comes under the spell of a dazzlingly attractive full-grown woman who shares many of the traits of Royde-Smith.

De la Mare paved the way here for the novel of magical realism. As Angela Carter said in her preface to the Oxford Twentieth Century Classics paperback edition of 1982: "It may be read with a great deal of simple enjoyment and then it sticks like a splinter in the mind". The view that Miss M. was a metaphor for Me or Mr de la Mare is strengthened by the full portrait of him presented in this excellent biography.

My awful wedded wife

JDF Jones on a new life of Robert Louis Stevenson

FRANK McLYNN is an extremely prolific author of second-rate biographies. Here he does it again and takes 500 pages to tell a familiar story to which he adds a particular spin.

Robert Louis Stevenson has always attracted hordes of biographers, no doubt because his short life is a wonderful romance. But do we really need another version so soon after Ian Bell's useful effort a few months ago? Jenni Calder and James Pope-Hennessy are still available and – oh Lord – there are probably more in the pipeline for next year's centenary. The answer depends, of course, on what the biographer has to offer.

McLynn is a practitioner of the dreaded new genre of the "psycho-biography", although his qualifications are by no means clear. For those still ignorant of this fashion, one quotation serves to illustrate the quality of his (psycho)analysis – and also his prose: "Proper 'socialisation' into normal attraction to the female was further vitiated by the stern Victorian moral code and if Thomas Stevenson was indeed instrumental in ending an early relationship with a prostitute . . . this would both have increased oedipal antagonism between father and son – since Louis would, at least unconsciously, have seen Thomas as a dog in the manger – and left him in a sexual cul-de-sac." Note that this appalling farrago is dependent on a speculative "if".

The main point about this book is that McLynn has decided that the wife, Fanny Osbourne, is the villain of the piece and has turned a conventional biography into a polemic of abuse against the wretched woman. Fanny has for long had her critics, who many years ago began to question the portrait of the dedicated wife nursing her consumptive husband.

It can be agreed that she was often absent, often ill herself, selfishly extravagant, over-indulgent of her children, "insanely jealous" of his friends. But in McLynn's portrait she becomes a monster; RLS became "a martyr to the greedy grasping Osbourne family"; he died at 44 of "cerebral haemorrhage brought on by overwork and anxiety caused by the Osbourne clan."

This older divorcée from Indianapolis was, from the beginning, "a very rum creature indeed". Perhaps she was. But we soon start to wonder whether she can have been devoid of virtue. The vilification of Fanny, and also her children – notably the "treacherous ingrate" Lloyd – is so obsessive, so constant and unrelieved, that the reader begins to object and say, well, Louis must have liked her, and she did nurse him often, and yes, her illnesses may have been psychosomatic, but that does not mean they were not illnesses. Then there are the poems: "Dark as a wayside gypsy,/ Lithe as a hedgewood hare,/She moves a glowing shadow/Through the sunshine of the fair;/ And golden hue and orange,/Bosom and hand and head/She blooms a tiger lily,/In the snowdrifts of the bed . . ."

Biographers are required to be very convincing. For example, it has always been known that RLS dreamed the story of Jekyll and Hyde, and told it to his wife. His first draft of the dream, she convinced him, was not right, and as a result he burned it and started again – to finish with a masterpiece.

ROBERT LOUIS STEVENSON: A BIOGRAPHY
by Frank McLynn
Hutchinson £20, 568 pages

McLynn sees it otherwise. The diabolical Fanny, concerned principally for a best-seller and alarmed by the "adult view of sexuality" in the first version, made such a stink that he threw it in the fire. There is no proof for this version of events. It is at least possible that Fanny, as she and Lloyd later reported, realised that the first attempt to communicate the dream which she had already been told about somehow missed the point. No-one can be sure; it does not really matter.

Fanny apart, McLynn is good when he writes about sailing in the South Seas (which sounds terrifying), about RLS's ambivalence about the Pacific-as-Paradise, about his constant money worries, about his problems with the Grundyism of the 1990s. McLynn is far too long. He surely overdoes the tension between father and son. He is numbingly boring about Samoan politics. He cannot resist fisticuffs with earlier biographers. More happily, he esteems, in particular, *Kidnapped*, *The Master of Ballantrae*, *The Beach of Falesá* and *The Ebb-Tide* – with which we can all agree.

And RLS survives yet again – the Scottish genius who combined the awkward strands of Calvinism and Jacobitism, the lover who pursued his woman from France to America, the sickly boy who escaped to the South Seas, the lifelong consumptive who recovered his health in the tropics to die there of a stroke. Leave him with this exchange with Henry James, his friend and admirer: of *Treasure Island*, James had pronounced, "I have been a child but have never been on a quest for buried treasure." To which RLS replied in an essay: "Here indeed is a wilful paradox, for if he has never been on a quest for buried treasure, it can be demonstrated that he has never been a child."

Stevenson pictured in Samoa

The very Irish PM

Malcolm Rutherford on the mixed life of Charles Haughey

THERE ARE two ways of looking at this thoroughly recommendable biography of Charles Haughey, the former Irish prime minister.

One is to admire the professionalism of the research and the quality of the writing and to be swept along to the author's seemingly objective conclusion that Haughey was a poseur who thought he could walk on water and sometimes almost did.

The other is to stand back a bit and notice how much Ireland has changed over the years. Surely Haughey and his friends cannot have done everything wrong?

Haughey was prime minister on and off for about the same period as Margaret Thatcher was prime minister of Britain, though without her continuity. Bruce Arnold has also written a biography of Lady Thatcher and thinks that the pair of them had something in common, "including a shared disdain for those under them, and a fearful, obsessive concern for control and power". Yet perhaps that is simply a truism about leaders who remain a long time in office. It may be more instructive to look at Haughey in an Irish context.

Few will remember how backward Ireland was in the 1950s. It was cut off not only from mainstream Europe but also from mainstream Britain. It was excessively under the influence of the Catholic church. Then it began to change.

The top of the civil service picked up the example of Italy, a country with some of the same problems, and Ireland began a process of liberalisation, mostly economic yet also political. It is now a matter of course that meetings of the European Council should take place in Dublin. Even the British no longer look down on the Irish Republic, as once they did: friendliness towards the Irish has grown, in spite of the IRA.

All of those changes took place within Haughey's political career. It would be an exaggeration to give him too much of the credit for them, except to say that he was a liberal when he was at the department of justice and a relatively free market economist when he was minister of finance.

Even when he made a wrong judgment, he was capable of reversing it. For example, he was luke-cold at most about the New Ireland Forum and the Anglo-Irish accord to which it led, but as prime minister he respected the agreement.

He had one singular achievement in that he promoted the arts. He did so by providing tax breaks for the artists rather than subsidies for the audience, which is an enlightened as well as an economic approach. Ireland has done well out of its writers.

Nevertheless, Haughey is a tainted figure. The main reason is his involvement in the arms scandal at the end of the 1960s. Until then the main case against him was simply that he was a bit of a show-off, "a man in a mohair suit" seeking to combine new wealth and old. It was never clear, and Arnold provides no new evidence, where the money came from. Haughey had not been conspicuously interested in Northern Ireland before. Arnold suggests that he changed opportunistically because he saw the cause of the Catholic minority in the north as a route to power in the south and a way of keeping up with his rival, Neil Blaney.

To be fair, events in Ulster had taken a turn for the worse and there was room for apprehension. Haughey as minister became at least party to illegal arms imports designed to cross the border, and was at least partly found out. Arnold says that the full details of the case will probably never be known.

HAUGHEY: HIS LIFE AND UNLUCKY DEEDS
by Bruce Arnold
HarperCollins £17.50, 308 pages

It took nearly a decade for Haughey to rebuild his reputation, yet the striking fact is that he did. There were other suggestions of scandals and errors of judgment to come, but where I think Arnold is unduly censorious is in pressing that these were peculiar to Haughey. They are more in the nature of Irish politics. True, Haughey was the son-in-law of a former prime minister, Sean Lemass, but there is a lot of nepotism about. The Irish system is very inbred: there are plenty of FitzGerald relations about as well as Haughey's. And when Haughey finally left office, his successor, Albert Reynolds, became involved in the kind of scandals that were familiar in the past.

Arnold makes a revealing choice of word when he writes that Haughey was "recruited" into Fianna Fail in 1947, just as he might have been recruited into the KGB or MI5. The party has its authoritarian tendencies and fondness for expulsions, but it does have achievements. This book is a wonderful demonstration of the Irish talent for attacking other Irishmen; it would be even better if it were less unremittingly hostile.

A mute cry of injustice

A BOOK wafted into a reviewer's hands on publicity puffs from such diverse sources as crime writer Ruth Rendell and linguistic theorist professor David Crystal looks immediately dubious. But some – like this – are much better than their PR people tell us. This is an interesting moral tale, with a central character who utters scarcely a word.

Genie – not her real name – was discovered in a small Californian town in November 1970. Aged 13, she had spent all her life caged inside a single room, often inside a wire-mesh cot, trapped by a demented father and a weak, cowed mother. Having lived in almost complete silence Genie spoke not a word, instead communicating her basic urges by a variety of crude physical gesticulations.

The moral outrage of the media which the case aroused swiftly gave way to the muddled clumsiness of bureaucratic care and scientific fascination. Psychotherapists, doctoral students, social workers, lawyers and linguistic analysts spent the next decade squabbling over who owned and had the right to analyse – exploit is not too strong a word – Genie. No one emerges with honour; each used her as a means of self-promotion, even while fiercely declaiming altruistic intent.

Rymer considers previous cases of children brought up without language, the most famous perhaps being that of Victor of Aveyron, discovered in France in 1800. The appalling irony of Genie's case is it demonstrates that while science has progressed, humanity has not.

Were this simply a gentle delineation of man's inhumanity to man it would scarcely be anything more than a familiar moral tale. What lifts it are Rymer's efforts to explore the debates concerning how language is learned and how important is the learning of language to intellectual development. He concludes that "the organisation of our brain is as genetically ordained and as automatic as breathing, but, like breathing, it is initiated by the slap of a midwife, and the midwife is grammar."

GENIE: ESCAPE FROM A SILENT CHILDHOOD
by Russ Rymer
Michael Joseph £14.99, 227 pages

It will be interesting to see whether this thoughtful book adds a further layer to the exploitation of Genie. It has all the ingredients of a Hollywood movie. Will Rymer be able to resist becoming the final player in a grisly, shaming script? Does it snow in Greenland? Well, not always.

Gary Mead

The fall of a paper tiger

STEPHEN GLOVER makes the foundation of *The Independent* newspaper sound such larky fun that, at first, it seems difficult to explain why it all ended in tears. As he acknowledges, Glover was lucky that his two co-founders, Matthew Symonds and Andreas Whittam Smith, were more dedicated and knowledgeable about newspapers – he himself could not distinguish between a wholesaler and a retailer or between circulation and readership. Fortunately, too, the obsessional Symonds and the languid Glover were led by Whittam Smith, who was not only older but also enjoyed considerable City credibility as the long-serving City Editor of *The Daily Telegraph*.

The book provides a vivid insider's view of the foundation of the paper: the refusal of Lord Hartwell to consider Whittam Smith's idea of asking readers to refinance the Telegraph; the example set by Eddy Shah; the crucial involvement of Saatchi and Saatchi; the identification of the "missing readership" which could be satisfied by a new paper; and the choice of the name.

They were also lucky: for the paper was launched at the height of the boom a few months after Rupert Murdoch moved his papers to Wapping, which resulted in a "rush of applicants" from *The Times* and *The Sunday Times*. "Mr Murdoch may have regarded these journalists as ideologically unsound, and he may have been overjoyed to be rid of them. But they included many of his best journalists."

The story is dominated by the way that "Andy Smith, [Whittam Smith] turned down for officer training during National Service because he supposedly did not have leadership qualities" was transformed into a charismatic entrepreneur who "could have been a Nobel laureate in conviction, able to persuade dozens of City institutions to invest in the first serious paper to be launched in well over a century." But his contribution was not only financial and managerial – even Glover, turned sour by his experiences, admits that Whittam Smith was always on the side of the reader, and credits him with some notable touches, notably the paper's imaginative use of black and white photographs.

Astonishingly, the City did not worry at the founders' lack of managerial expertise, or, even more crucially, of any real experience of hard news reporting. Glover points up the City's obsession with form, the obsessional verification of every financial and legal detail at the expense of content – the founders' capacity to undertake their adventure was seemingly taken for granted by the financial community.

The resulting paper was one of the defining events of the 1980s, demonstrating the can-do atmosphere of the times, the ability of the young to translate dreams into practice. Interestingly, Symonds defined the paper as mixing "the politics of the extreme centre" with a preference for "free market solutions to economic problems and a responsible liberalism on social issues," an attitude shared by *The Economist*, another publication run largely by talented and arrogant youngsters.

Glover's laid-back, semi-detached attitude makes him an admirable chronicler, but proved a disaster when, as seemed natural, he became editor of the *Independent on Sunday*, founded just as the recession was biting. But here I must declare an interest: to adapt a phrase I was "an unpaid acting lance-corporal in the stage army of the good" commanded by General Glover and can thus compare his account with the way it seemed in the front line. As so often, the view from the trench is profoundly at variance with the despatches of the commander-in-chief, with their obsessional, self-justifying concentration on the political manoeuvrings at the top rather than on the progress of the war.

PAPER DREAMS
by Stephen Glover
Jonathan Cape, £17.99, 328 pages

Thanks to the success of the daily, the Sunday paper enjoyed a flying start, building up a colossal head of steam – which soon evaporated. To the troops Glover seemed to lack the energy, the enthusiasm, the decisiveness, the clarity of vision as to the message he wished to convey and the audience he wished to address, qualities common to all good editors. As Whittam Smith kept repeating, the paper did not "create enough noise."

To make matters worse Glover surrounded himself with similar characters. His deputy, Sebastian Faulks, was a stylish novelist and feature writer but without any apparent interest in the actual editing process. The top brass as a whole formed what the troops termed the "meeting" or "strolling" classes, spending half their time in interminable, indecisive meetings, and the other half strolling down the open office which housed the hacks, for all the world behaving like overseers in a trireme looking down their patrician noses at the rows of galley slaves. I am afraid that General Glover is deluding himself when he says that it was "an exceptionally happy paper."

Matters improved when Faulks was replaced by Stephen Fay, an energetic former *Sunday Times* man with a flair for choosing and inspiring younger journalists. But the combination of the recession and Glover's inadequacy made a crisis inevitable: in the summer of 1991 the daily and the Sunday were largely merged and he left.

Since then the Sunday has flourished under a new editor, Ian Jack. Unfortunately, Glover is bitter in defeat: at no point does he face the fact that justice was done. As he puts it: "An editor should be allowed to edit unless he were thought not to be up to the job." Quite so.

Nicholas Faith

FICTION

Simply the colour of Chinese blood

RED SORGHUM
by Mo Yan
Heinemann £14.99, 378 pages

THE DAWNING
by Milka Bajic Poderegin
Honeyglen Publishing, £5.95 365 pages

BROTHER JACOB
byh Henrik Stangerup
Marion Boyars £15.95, 304 pages

THE FINAL MARTYRS
by Shusaku Endo
Peter Owen £14.99, 200 pages

EVERY COLOUR in the spectrum brings a train of associations in its wake. Red means anger, the rising sun, blood, potency, victory in war – and, of course, death.

The barbarity of *Red Sorghum*, a novel that explores in great and compelling detail the fratricidal violence that engulfs three generations of a single Chinese family in the province of Shandong from the 1920s, is underpinned symbolically by the abiding presence of red sorghum in the fields, a crop that grows tall and dense and, in the autumn, "shimmers like a sea of blood." The novel is newly translated from the Chinese and written by a member of the cultural affairs department of the People's Liberation Army,

Not since D H Lawrence's *The Rainbow* has the natural world so effectively aided and abetted the themes of a work of fiction. The characteristics that shock, disgust and exhilarate, in almost equal measure, in Mo Yan's narrative are twofold: its headlong, almost unmitigated cruelty; and the breathtaking speed with which barbaric incident is piled upon barbaric incident.

Almost every page seems to be taken up with the dirty, messy business of death, death-dealing and dying, and all these incidents are rendered in a language that possesses a kind of ritualised luxuriance.

There are two kinds of warfare being waged in the book: that among the native Chinese themselves who, in the 1920s, seemed to be part brigands and part freedom fighters; and between the Chinese and the Japanese in an on-going war of resistance that reaches a climax of bloodletting in 1939. The backdrop is almost always the same: those faithful sorghum fields in which this orgy of fanaticism and cruelty is enacted.

The re-publication of *The Dawning* by Milka Bajic Poderegin, the late Serbian novelist, is timely. The first novel in a trilogy that was never completed, this book, too, analyses the travails of an entire people largely through the effects on a single family, but Poderegin's manner of writing could not be more different from Mo Yan's.

The novel spans the period from the mid-19th century until the outbreak of the first world war, and it is set in the small town of Plevlje in southern Yugoslavia. A Serbian family chronicle, its presentation is deceptively leisurely in a manner often reminiscent of Turgenev, but beneath all the painstaking attention to dress, social custom and domestic detail, there are profound forces for change at work.

When the novel opens, Plevlje is being administered by the Turks and is also home to an Austrian garrison. By the book's close, the Austro-Hungarian empire is collapsing and the Turks have suffered defeat in the war of 1912, thus expunging five centuries of shameful memories of the historic Battle of Kosovo.

This impressive, sombre document is, above all, an extended description of the passive, heroic suffering of that most oppressed of the social classes in the 19th century – women; but it also reminds us, chasteningly, how deep and extensive go the roots of present Balkan troubles.

The Danish novelist Henrik Stangerup, has just completed the third book in a trilogy of novels (the first two were *The Road to Lagoa Santa* (1981) and *The Seducer* (1985)) that have explored what the philosopher Soren Kierkegaard regarded as the three essential stages upon life's way: the aesthetic, the ethical and the religious.

Brother Jacob, the "religious" conclusion to the trilogy, describes the life of a 16th century mendicant Franciscan friar who has been driven out of his native country by the dogmatism and sterility of the Lutheran Reformation, and flees to Mexico to minister to the Amerindians. Unfortunately, he then finds himself at war with the established forces of Roman Catholicism because of his belief that the Amerindians themselves, being human beings, have as much right to be ordained as priests as anyone else.

Stangerup's novel is an impassioned piece of fictionalised historical research, compellingly learned and maddeningly abstruse by turns. Unfortunately, it lacks the inner momentum that every novel needs if it is to be anything more than a concatenation of fictional circumstances.

The plight of Catholic believers in Japan is a theme to which the Japanese novelist Shusaku Endo returns repeatedly in *The Final Martyrs*, a new gathering of stories that have been written over the past 40 years. In his preface to the English edition of the book, Endo explains the reason for its principal weakness: the tiresome overlapping of themes (others include family disharmony and case histories in physical decrepitude, for example) from story to story.

Endo writes that the short story form is useful because it enables the writer not so much to present characters and themes as to explore the possibilities of using them in more ambitious contexts elsewhere – in the next great novel that one hopes to write, for instance. On the other hand, no one can deny that an important writer's nail clippings are worthy of a certain amount of forensic attention.

Michael Glover

Betrayal in Piccadilly and Rome

***Bronwen Maddox** on two flawed novels and one satisfying one*

SUGAR CANE
by Paul Bailey
Bloomsbury £14.99, 228 pages

CAESAR
by Allan Massie
Hodder & Stoughton £14.99, 228 pages

AMONG THE DEAD
by Michael Tolkin
Faber £14.99, 229 pages

PAUL BAILEY reaches for big themes of loneliness, fragility and disguise in his seventh novel, but in spite of his clear, pared-down writing, the result is a disappointment. *Sugar Cane*'s central figure Stephen, a mixed-race runaway from Halifax, teases the story along by posing riddles about his life. The narrator, Esther Potocki, a doctor of venereal disease, rightly guesses that he is a prostitute. But it is left to her lover Gabriel to deduce that Stephen's mysterious "Bish" is the notorious, self-styled "Bishop of Wandle", jailed years before the book opens for running a ring of rent boys from a Wandsworth warehouse.

Bailey is good on dialogue – particularly that of Esther's edgy patients – and on interweaving Esther's memories of her parents with Stephen's revelations. But although one of his themes is the claustrophobic ties between children and parents, he gives improbable accounts of how his characters try to break them. We are to believe that Esther chose venereology to rebel against her mother's wish that she become a ballerina; and that Gabriel can get an erection only by putting on his mother's polka-dot dress and then shedding her memory as he takes it off. The result of this constricted psychology is to turn the characters into grotesques.

But the greater weakness of the book is that the prolonged suspense is not warranted by the eventual revelations. Gabriel explains to Esther that Stephen "needs to bewilder you. He has to make himself as opaque as he possibly can, in order to keep you interested in him. He's scared of your finding him ordinary". The book takes the same risk, and fails.

Stephen's account of how he was lured into the Bishop's "palace" is hardly the "descent into hell" that Esther claims. He expresses no despair and little revulsion – or excitement – even at the regular duty of masturbating the "Bishop". Soon after introduction to the punters of Piccadilly Circus, he concludes "the funny thing is that after a time the hundreds would all merge into one". And his tale – which makes up the second half of the book – is delivered as a tape recording to Esther and Gabriel because "I could never tell you this to your face". Bailey thus spares himself an exploration of their disgust or pity, and, because the Bishop is already jailed, of their responsibility to act.

The ducking of a confrontation between Stephen and Esther leads to a moral blankness at the heart of the novel, nor does Bailey manage to show why the reader should share his fascination with Stephen's descent.

The narrator of Allan Massie's *Caesar* has more substance. This version of the plot to kill Julius Caesar is told through the eyes of Decimus Brutus, the protégé whom Caesar most trusted and who became one of his assassins.

Given the difficulty of bringing historical figures to life, it is unexpectedly rich and detailed, particularly on Caesar's manipulation of loyalty. It carries echoes of Margaret Thatcher's blindness to opposition and of her eventual fall: "I have heard Caesar deny the very existence of society", says the narrator.

But the pace often slows to that of a politician's memoirs, and some sentences take schoolroom concentration to comprehend: "So nothing was done on his [Ptolemy's] behalf, until, as a result of the famous meeting between Pompey, Caesar and the millionaire booby Marcus Crassus at Lucca, the three of them formed what Cicero (in private) described as a 'criminal conspiracy to share sovereignty and dominate the Republic'." Readers who dare skim over those passages will be left scrabbling for the six-page chronology and list of characters at the front.

In contrast, Michael Tolkin's highly amusing second novel is an effortless read. Like his first, *The Player*, it will no doubt translate easily into a satirical film of West Coast life. Frank Gale, a "loser" by Los Angeles standards, has been unfaithful to his wife. But he is convinced that with the right words, and a trip to Mexico, he can repair his marriage. His self delusion is laid bare in the opening pages as he designs what he believes will be a more honest life.


Allan Massie: rich in detail, but a slow pace

When the aeroplane he has missed crashes, however, killing his wife and child, the inexorable exposure of his fantasies becomes a nightmare. In the end, the only one who has the right words is the author, who manipulates the characters' fates with the comic deftness – and cruelty – that he showed in his first book. Satisfyingly, with immense speed, retribution arrives.

A mixed child of creation

GIFTS
by Nuruddin Farah
Serif £9.99, 242 pages

AFRICAN WOMEN'S WRITING
edited by Charlotte Bruner
Heinemann £6.99, 211 pages

A LONELY DEVIL
by Sousa Jamba
Fourth Estate £12.99, 154 pages

THE SOUTH AFRICAN critic Lewis Nkosi once spoke fondly of the African novel as "the bastard child of many cultures and genres." The creative tensions of a mixed descent are clear enough in the latest novel by Nuruddin Farah, the expatriate Somali writer. *Gifts* is set in Mogadishu during the 1980s, before much of Somalia's seaboard capital was destroyed by clan wars. This is a love story, told largely through the reactions of the central character, Duniya, to a persistent and kindly suitor.

Farah's fiction is rarely as simple as it seems. The puzzling arrival of a foundling child marks a hiatus, both in Duniya's life and in the plot of the novel. Duniya is happy to take on the baby but it dies soon afterwards and she is thrown back on her circumspect courtship. A clue to the foundling may well lie with that other bastard child, Nkosi's African novel.

Gifts is an exemplary hybrid, in which the Somali habit of metaphor, grounded in oral tradition, gives depth and structure to a finely woven, rather English prose. The arrival of the child, followed by its death, opens an inquiry into the nature of the gift. To Farah, all gifts – from foundling children to overseas aid for poor African states – are suspect. Food donations, says one of his characters, undermine "the African's ability to survive with dignity." Those who accept a gift at face value may merely be conniving in their own misfortune. Caution is the answer, or part of it; candour must supply the rest. Duniya, who has already been given away in marriage as a young girl, can favour her suitor only in the absence of coercion. She makes the "gift of herself" in the closing stages of the novel and, by doing so, retrieves a plausible innocence for love, if not for all forms of give and take.

Farah has always written well about women. So, of course, do the contributors to Charlotte Bruner's collection. The book is well edited with detailed notes on the women writers in question, among them Bessie Head, the South African novelist who died in 1986, and the Egyptian author, Nawal El Sadaawi.

Some of the best material comes from the Maghreb. Assia Djebar writes with wit and elegance about the stir caused in a conservative Algerian village when a man on his travels sends a postcard home to his wife. "My father had quite brazenly written his wife's name ... he had dared to refer to her in the western manner as 'Madame So-and-So'." Henceforth the couple speak openly of each other and their little daughter has her first inkling of "the possible happiness, the mystery in the union of a man and a woman."

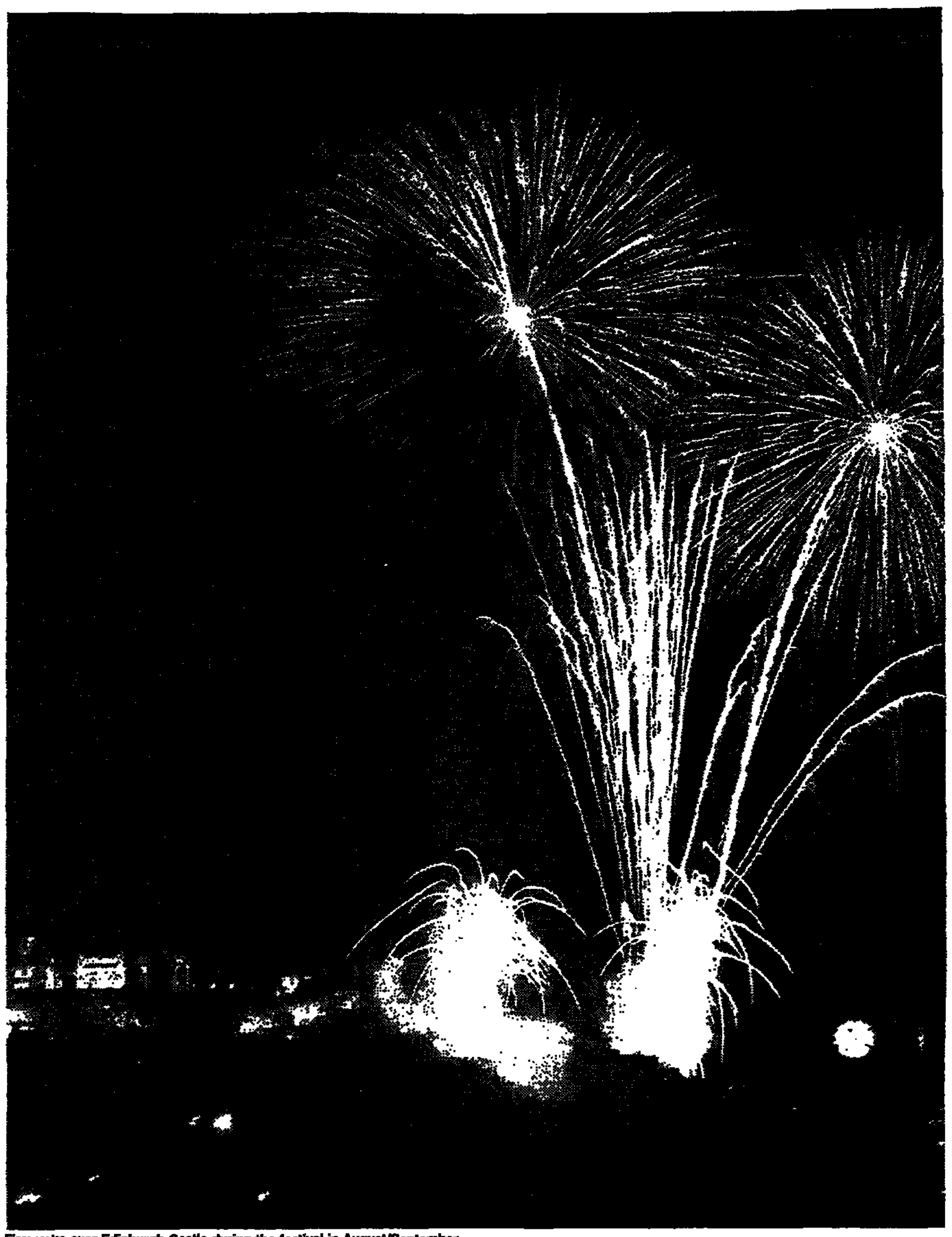
So-and-so would be the best form of address for the hero of Sousa Jamba's novel *A Lonely Devil*, who ascends into the higher orders of wickedness on an imaginary island which has more than a passing resemblance to the author's native Angola. Nando, who is abandoned at the age of four and develops a reckless taste for cruelty, illustrates the axiom that those who are left in harm's way do harm to others. "We deluded ourselves," says Nando, at the end of a career in the torture chamber and the party caucus, "with the idea that the glorious future awaiting us justified anything." This novel is a pungent little *fleur du mal*; its scent clings obstinately to one's hands.

Jeremy Harding

SUMMER FESTIVALS

Culture over the continents

Our critics offer a rough guide to a civilised holiday



Fireworks over Edinburgh Castle during the festival in August/September

AIX-EN-PROVENCE
July 11 – 28
Ancien Palais de l'Archeveche, 13100 Aix-en-Provence, France. Tel: (16)-4217-3434
An attractively diverse trio of operas this year: Weber's musically abundant *Euryanthe*, Handel's magnificent *Orlando* (with Felicity Palmer), both in new productions, and a *Don Giovanni* revival. Among the concerts are a Berlioz *Enfance du Christ* in the Cathedral and Campra's *L'Europe galante* in the Archbishop's Palace theatre; among the many choice recitalists attracted to this choicest of festival locations are Wilhelmenia Fernandez, Andreas Schmidt, Gundula Janowitz and Leila Cuberli.

ALDEBURGH
June 11 – 27
High Street, Aldeburgh, Suffolk IP15 5AX. Tel: (0728)-453543
The first of this year's two operatic events is a concert revival of one of Britten's less acclaimed works, the "television opera" *Owen Wingrave*, long overdue for re-evaluation: the second is Monteverdi's *Orfeo* (also in concert), given by students of the Britten-Pears School conducted by a tenor who is himself a famous Orfeo – Anthony Rolfe Johnson. Performing luminaries include Julian Bream, Peter Serkin, the Borodin Quartet, Esa-Pekka Salonen and Thomas Allen; composers under the spotlight include Peter Paul Nash, Takemitsu – and, of course, the founding genius himself.

BAD KISSINGEN
June 25 - July 18
Stadt Bad Kissingen, Postfach 2260, D-8730 Bad Kissingen, Germany. Tel: 971-807110. Fax: 971-807191
The chief attraction of the "Kissinger Sommer" is its setting in a north Bavarian spa town. The Regentenbau – a former royal house – incorporates four splendid concert halls, and there is also a *fin-de-siècle* theatre. This year's attractions include operatic concerts with Margaret Price, Cheryl Studer, Edith Wiens and Katia Ricciarelli; a staged production of Handel's *Tamerlano*; song recitals by Emma Kirkby, Gwyneth Jones and Wolfgang Holzmair; and symphonic concerts conducted by Lorin Maazel, Kurt Sanderling and Gerd Albrecht.

BATH
May 21 – June 6
Linley House, Pierrepoint Place, Bath BA1 1JY. Tel: 0225-463362/466411
The last Bath festival under the directorship of Amelia Freedman, founder of the Nash Ensemble, focuses on the music of Grieg (a 1993 anniversary composer), Schumann and Robin Holloway (two Nash concerts in the opening weekend). Other attractions are the front-rank pianists – Brendel, Alexeyev, Pizarro, Kovacevich, Joanna McGregor, Schiff, Melvyn Tan – among this year's crop of recitalists, and a clutch of Norwegian groups (the pianist Leif Ove Andsnes, Norwegian String Quartet, Norwegian Chamber Orchestra) to add authenticity to the Grieg celebrations.

BAYREUTH
July 25 - August 28
Kartenbüro, Bayreuther Festspiele, Postfach 100262, D-8580 Bayreuth, Germany. Tel: 921-20221
Interest this year focuses on a string of debuts. The east German dramatist Heiner Müller tackles his first-ever opera production, *Tristan und Isolde*, to be designed by another Bayreuth debutant, Erich Wonder. After a decade as Bayreuth's reigning Kundry, Waltraud Meier attempts the soprano heights of Isolde, while Siegfried Jerusalem tackles his first Tristan. Daniel Barenboim returns to conduct his second Bayreuth *Tristan*. In *Parsifal*, the new Kundry is Deborah Polaski, while Poul Elming and Linda Finnie join the cast of *Lohengrin*.

BERGEN
June 2 – 15
Bergen International Festival, Box 183, 5001 Bergen, Norway. Tel 5-216100 Fax 5-315531
Bergen is celebrating two landmarks – the 40th birthday of its festival, and the 150th anniversary of its most famous son, Edvard Grieg. The Norwegian Ballet presents two new Grieg ballets, while orchestras from Bergen and Trondheim play the major symphonic works. The festival also showcases leading Norwegian instrumentalists – including cellist Truls Mork, pianist Leif Ove Andsnes and violinist Arve Tellefsen. Dmitri Kitaenko conducts a Schnittke world premiere, English National Opera gives two performances of Jonathan Miller's mafioso production of *Rigoletto* and Ingmar Bergman brings his Stockholm production of Ibsen's *Peer Gynt*.

BERLIN
August 31 – September 30
Berliner Festspiele, Kartenbüro, Budapester Strasse 50, D-1000 Berlin 30, Germany. Tel: 30-254890. Fax: 30-254 8911
This year's festival is a meeting point between Europe and Japan, with performances by the Tokyo Ballet, the New Symphony Orchestra of Tokyo, traditional Kabuki and Noh theatre companies and other Japanese ensembles. There are concerts conducted by Abbado, Ashkenazy, Barenboim, Maazel, Norrington, Sanderling and Tennstedt, plus Beethoven piano recitals by Brendel and Pollini, and a visit from the Paris-based Peter Brook Company with *L'homme qui*, the British director's latest theatre piece.

BREGENZ
July 20 – August 23
Bregenzer Festpiele, A-6901 Bregenz, Postfach 311. Tel: (5574) 4920-228
The opera festival on the Austrian corner of Lake Constance continues to solidify its connection with front-rank British opera producers. This year's operas are *Nabucco* on the floating stage, in a production by David Pountney, and Giordano's *Fedora* indoors, in a Jonathan Miller production with Mara Zampieri.

BUXTON
July 14 – August 1
Buxton Opera House, Buxton, SK17 6XN
Turbulence behind the scenes preceded the finalising of this year's programme: Jane Glover departed from the post of Artistic Director before actually occupying it, in circumstances of some controversy. With her departed an attractive-looking opera-plan; what replaces it has – intentionally but at the same time disappointingly – a bought-in look: a Jonathan Miller production of Cimarosa's *Secret Marriage* borrowed from Opera North, and another Miller production (distinctly mediocre and poorly cast) of Donizetti's *Maria Stuarda* borrowed from Monte Carlo Opera. Buxton's days as a source of home-generated festival-opera excitements seem to be gone for good.

CHELTENHAM
July 3 – 18
Festival Box Office, Town Hall, Cheltenham GL50 1QA. Tel: 0242-523690
An exciting "first" for Cheltenham – the specially-commissioned premiere of Michael Berkeley's first opera, the Kipling-inspired *Baa Baa Black Sheep* (given by Opera North) – ties in with an Cheltenham ambitious project, the larger examination of works by both composing Berkeleys, Michael and his late father Lennox (a long-time Cheltenham favourite). Among the many other British composers prominently featured are Nigel Osborne, David Blake and John Casken; otherwise, the mixture of orchestral and chamber music has the familiar Cheltenham profile.

COVENT GARDEN
May 17 – 31
29 Shelton Street, London WC2H 9PU. Tel: (0839-600-600 for info,and 071-497-9977, bookings)
This London enterprise started small, has grown increasingly ambitious and, in 1993, with sponsorship from BOC, spreads itself out in various Covent Garden locations. Siting a new *Magic Flute* production (conducted by Jane Glover) in Freemasons' Hall and one of the G & S *Trial by Jury* in the Bow Street Magistrates' Court may prove to be brilliant feats of imagination or else mere gimmicks; but the two-week programme is also filled with fare, mainly opera- or voice-oriented, of solider, simpler attractions – such as Monteverdi's Vespers; Purcell's *Fairy Queen*; Handel's *Belshazzar*; and young singers in recital, all in St Paul's Church, and several music-theatre programmes by bold young companies in the Donmar Warehouse.

DRESDEN
May 20 – June 6
Direktion Dresdner Musikfestspiele, Postfach 6, D-8016 Dresden. Tel 351-486 6666
The appointment of Michael Hampe as festival director, together with Dresden's suitability as a festival setting, augurs well for the future, but this year's programme is hampered by lack of funds and hotel accommodation. The emphasis is on dance, with guest productions by Nederlands Dans Theater; Polski Teatr Tanca; Lar Lubovitch Dance Company; the Stuttgart Ballet; and Bavarian State Ballet. Peter Ustinov stages a double-bill of Tchaikovsky's *Iolanta* and Rakhmaninov's *Francesca da Rimini*. Visiting orchestras include the Royal Philharmonic and Hungarian National Philharmonic, while the Dresden Staatskapelle offers a Strauss and Schumann programme under Sinopoli. The festival's most enchanting venues are the former court palaces and country houses outside Dresden.

DROTTNINGHOLM
May 20 – September 4
Drottningholms Teatermuseum "Föreställnigar", Box 27050, S-102 51 Stockholm. Tel: 08-660-82-25
Elisabeth Söderström, much-loved Swedish soprano, takes over this year as artistic director of the world's most important 18th-century theatre still in action. Grétry's beautiful *Zémire et Azor* and Martin's *Cosa rara* are performed by the Drottningholm-based company, Haydn's *Fedeltà premiata* by Stockholm Royal Opera forces; ballet and recital programmes fill out the schedule of the first Söderström-devised festival season.

EAST MIDLANDS DANCE FOR '93
May 20 – 23; and August 31 – September 4
Derngate Theatre, 19 Guildhall Rd, Northampton, NN1 1dp. TEL: 0604-26222
The excellent and lively Derngate Theatre will host a variety of dance performances this summer as part of the Dance for '93 celebrations in the East Midlands. Events will include the Royal Ballet of Flanders with *Dracular* May 20-23; and *Stars of American Ballet* from 31 August-4 September.

EDINBURGH
August 15 – September 4
21 Market Street, Edinburgh EH1 1BW. Tel: 031-225-5756. Fax: 031-226-7669
Edinburgh looks in particularly good shape this year. The 1992 Festival made a large enough surplus to pay off the accumulated deficit and the early bookings for 1993 are surprisingly heavy. This is excellent news for Brian McMaster who had to throw his first festival together quickly last summer, but is able to present a more considered programme this year. The international element is all pervading.

Music: Given McMaster's background running Welsh National Opera it is hardly surprising that the music programme is particularly strong. The main theme is a juxtaposition of the music of Janáček and Schubert, through 13 concerts and recitals, culminating in a concert performance of Janáček's first opera *Sarka* and Schubert's rarely performed opera *Die Freunde von Salamanka*. There is a small homage to Verdi, with a concert performance of his first opera, *Oberto*, and Peter Stein's production for the WNO of his last, *Falstaff*. In addition Scottish Opera is presenting a new *I Due Foscari*, and there is a performance of the *Requiem*. A third strand is an exhaustive look at the work of the young Scottish composer James MacMillan. Other music includes the UK debut of the Canadian Opera Company with a double bill of Schoenberg's *Erwartung* and Bartók's *Bluebeard's Castle*, directed by the notorious Robert Lepage, and visits from the Leipzig Gewandhaus Orchestra, the Oslo Philharmonic and the South West German Radio Symphony Orchestra.

Theatre: The drama slot is also impressive this year and very international, with four of the world's leading directors mounting productions. In addition to Lepage's operatic double bill, the American director Peter Sellars is responsible for *The Persians*, a modern version of Aeschylus' tragedy by Robert Auletta, and Robert Wilson is bringing over the Hebbel Theater of Berlin in Gertrude Stein's 1938 version of the Faust legend, *Dr Faustus Lights the Lights*. *The Persians* is a co-production with the Salzburg Festival, and perhaps the biggest event of this year's Edinburgh was also seen at Salzburg last year: this is Peter Stein's production, in German, of *Julius Caesar*. With 200 extras for the crowd scenes this needs a big venue and for the first time the Festival is using the Royal Highland Exhibition Hall at Ingliston. At least 2,000 tiered seats will be installed. McMaster is keen to put a spotlight on overlooked playwrights. Last year Granville-Barker got the treatment: this year the German Jakob Lenz, a contemporary of Goethe, is singled out, with the Glasgow Citizens presenting *The Soldiers* and two other Lenz works done by London's Gate Theatre.

Visual Arts: This has always been the weak link at Edinburgh, with the local art institutions doing their own thing and largely ignoring the Festival. McMaster has put his resources behind one large show, *The Waking Dream: Photography's First Century*. It is the property of the Gilman Paper Company and reckoned to be the greatest private photography collection in the world. The show comes from the Met in New York and goes on to St Petersburg: this is its only British viewing.

Dance: Edinburgh Festival treats dance shabbily yet again this year, with only two dance companies. The good news is that the Mark Morris troupe returns, after last year's success, with the ravishing *Love Song Waltzes* at the Playhouse (August 17,18,19 evenings) with a fine quartet of singers also in attendance, and shows new Morris pieces on the evenings of August 21, 22, and 23. On August 28 and 29, the Bill T. Jones troupe will be on view at the King's Theatre.

Extras: Scottish Variety Theatre hopes to recapture the "Fabulous Fifties", the last days of the music hall, with appearances by Jimmy Logan, Walter Carr, the Tiller Girls, and others. Late night events include traditional Scottish story telling, Catalan protest songs by Lluis Llach, and French songs from Felicity Lott.

Jazz from London to Montreux

EVEN AS you read this, sound checks are taking place all across North London. The festival season kicks off today with the launch of the *London Jazz Festival* (May 14-23). A successor to the Camden fest, the event has been expanded by the involvement of the north London boroughs of Islington and Hackney and this year involves nearly 100 concerts at 13 metropolitan venues. Eclectic programming has produced main attractions to suit all tastes and features Abdullah Ibrahim at the Hackney Empire, Tania Maria at the Forum (May 16). Anthony Braxton at the Bloomsbury Theatre (May 22) and, appropriately, the gospel according to the Five Blind Boys of Alabama at the Union Chapel (May 23). A Festival Nomad ticket which allows free entry to some concerts and concessions on the door at others costs £30. (London Jazz Festival Information Hotline 071 911 1652)

For concentrated enjoyment in a more pastoral setting *Brecon Jazz* (Tel: 0874 625557), this year celebrating its 10th anniversary, is hard to beat. Between Aug 13-15 the market hall will feature concerts by Lionel Hampton, Wynton Marsalis and Stephane Grappelli while the rest of the town will be jumping (and sometimes lurching) to the varied outdoor gigs held across the Welsh market town. Weekend "stroller" tickets let you wander from hotel bar to outdoor bandstand although individual concert tickets for the main events are also available.

North of the border, Glasgow (July 1-11) and Edinburgh (Aug 7-14) continue to vie with one another – this year to produce the most in mainstream jazz. *The Glasgow International Jazz Festival* (Tel: 041 227 5511) balances Oscar Peterson, Nina Simone, BB King and Tony Bennett with the more exotic sounds of Don Pullen's Afro-Brazilian Connection, the Art Ensemble of Chicago and Hermeto Pascoal. *The Edinburgh International Jazz Festival* has clarinettist Bob Wilber leading a tribute to Benny Goodman, Acker Bilk teaming up with Humphrey Lyttleton and Leon Redbone lying back with a five piece band.

For its 27th outing, the *Montreux Jazz Festival* (Tel: 41 21 963 8282) has moved from the foreshore of Lake Geneva and the crumbling confines of the town's Casino to the shiny new Stravinsky Auditorium. The move could render the festival (July 2-17) more anodyne than usual with its glittering parade of the great and good but the fringe sessions at the New Q's club and the likes of Ray Brown Trio plus James Morrison, Elvin Jones and Michel Petrucciani look good. In the main hall this year *animateur* Quincy Jones oversees a fortnight of showcasing from the *Tribute to Duke Ellington, Vive la France* to *The Atlantic Living Legends.*

Montreux' rival show, the *JVC Grande Parade du Jazz* (July 13-24), also uses the biggest names to draw and this year's *parade* is intoxicating. Lionel Hampton, Pat Metheny, Joe Henderson, Illinois Jacquet and George Benson feature among crossover types such as Manhattan Transfer and Manu Dibango. (Tel: from June 14, 33 93 71 89 60)

It might sound greyer than Nice (and is probably less clement) but the Hague's *North Sea Jazz Festival* (July 9-11) is as spectacular in its programming, possibly better for its fringe events and is under cover. Its "trumpets for Dizzy" features Roy Hargrove and Jon Faddis with an all-star band; the "saxophonists series" has Joe Henderson, Stanley Turrentine and Jackie Maclean alongside the younger Joe Lovano and Kenny Garrett, for example; pianists include Oscar Peterson, Ahmad Jamal, Horace Silver, Herbie Hancock and Chick Corea. The programme even has a "Gigs for Kids" section. (Tel: 31 70 354 2958).

Big is not always best and the greatest little jazz festival is the *Festival de Jazz Django Reinhardt* (Tel: 33 1 64 24 60 01). Held on an island in the Seine four kilometres from Fontainebleau on the weekend of 25 June, the gathering of Romany clans this year features the gypsy guitars of Bireli Lagrene and Babik Reinhardt alongside the virtuoso skills of Grappelli sideman Martin Taylor and American Jim Hall.

Garry Booth

Rita Lee: watch out for Brazilian night in Montreux on July 3

Adventurous opera, classical dance

FELDKIRCH
June 16 – July 3
Schubertiade Feldkirch, Schubertplatz 1, Postfach 625, A-6803 Feldkirch, Austria. Tel: 5522-38001. Fax: 5522-38005
Now transposed permanently from Hohenems to nearby Feldkirch, this rarefied Schubert festival is mourning the recent retirement of Dietrich Fischer-Dieskau. But this year's programme still offers ample goodies. András Schiff gives two recitals and accompanies Peter Schreier in a selection of Goethe settings. Schreier also conducts concert performances of uncompleted Schubert operas. Tokyo String Quartet gives a complete cycle of Beethoven quartets. Recitalists include Christa Ludwig, Brigitte Fassbaender, Boje Skovhus, Robert Holl, Anatol Ugorski and Cyprien Katsaris.

HOLLAND
June 1 – 30
Holland Festival, Kleine-Gartmanplantsoen 21, NL1017 RP Amsterdam. Tel: 31-020-627-6566
Adventurous opera choice forms the core of this year's Holland programme. Ton de Leeuw's *Antigone* (world premiere); Steve Reich's music-theatre piece *The Cave* (local premiere); a new Netherlands Opera staging of *Pelléas et Mélisande* by Peter Sellars, conducted by Simon Rattle; and concert performances of *Les Troyens* (conductor: Edo de Waart) and *Le nozze di Figaro* (conductor: John Eliot Gardiner) make up the shortlist of attractions, along with a conspectus of the works of Henryk Górecki, the classical world's flavour-of-the-year.
Dance: There is a season by the Belgian choreographer Anna Teresa de Keersmaaker at Beurs van Berlage, between June 10 and June 27, and there are also performances scheduled by Nederlands Dans Theater on June 2, 3 and5 with a new work by Jiri Kylian; and by the Dutch National Ballet on June 17, 19, 21, 22 and24 at the Muziektheatre with a new piece commissioned from Laurie Booth.

KUHMO CHAMBER MUSIC FESTIVAL
July 16 – August 1
Information from Kuhmo, Tel: 010-358-86/520-936, fax /521-961; or Helsinki Tel: 010-358-0/493-867, fax /493-956.
There is really nothing like the annual orgy of chamber music at Kuhmo. To this tiny Finnish town below the Arctic Circle and just west of the Russian border, distinguished and newly acclaimed European and American ensembles and soloists come to provide some five concerts daily, besides giving master classes. (The marathon concerts on the last two Saturday evenings may go on until *the sun has* slipped briefly below the horizon and reappeared.) What makes the festival continually exciting is that so much of it consists of music-making by fine performers who have had just a few days to rehearse together. Chances are taken, spur-of-the-moment insights flashed: marvellous things happen. The atmosphere is blessedly informal, amid all those lakes and pines. This year as usual several leading British players figure, and there are *Lieder*, Japanese concerts, a great Argentinian tango ensemble, the Maly Ballet and chamber opera too.

KYBURGIADE
August 12 – 17
Internationales Kammermusik-Festival auf Schloss Kyburg, Postfach 408, CH-8400 Winterthur, Switzerland
Last year's inaugural event was so successful that the Kyburgiade seems certain to become a fixture on the map of chamber music festivals. It owes its unique atmosphere to the open-air setting of Kyburg Castle near the Swiss town of Winterthur, and to the participation of one of Europe's leading young string quartets, the Carmina Quartet. They are joined this year by the Vienna String Sextet, the Orlando and Cherubini Quartets and Basle Madrigal Soloists. The programme ranges from quartets by Beethoven, Brahms and Dvorak, to less familiar music by Bruckner and Fanny Hensel-Mendelssohn.

LA ROQUE D'ANTHERON
July 31 – August 22
Festival de Piano, Château de Florans, 13640 La Roque d'Anthéron, France. Tel: 16-4250 5115. Fax: 16-4250 4889
The castle grounds of La Roque d'Anthéron, equidistant from Avignon and Marseille, are the peaceful setting for a piano festival which has been gathering international renown since it was founded eight years ago. Among this year's 33 concerts are programmes celebrating anniversaries of Grieg, Tchaikovsky and Rakhmaninov; a cycle of Schubert sonatas on a modern concert grand and on pianoforte; a Debussy series using instruments of the period; plus introductions to Medtner and Corigliano. The line-up of artists includes Christian Zacharias, Nikolai Demidenko, Maria Joao Pires, Moura Lympany, Michel Dalberto, Stephen Hough and the Novosibirsk Philharmonic Orchestra from Siberia.

LONDON, THE PROMS
July 16 – September 11
Promenade Concerts Ticket Shop, Royal Albert Hall, London SW7 2AP. Tel:071-823-9998
No binding theme for the Proms in its 99th season, and no visit from Glyndebourne (closed for re-building): but otherwise the usual wide range of fare, imaginative distinction of performer choice, enticing premieres and rediscoveries and jolly popular celebrations. As ever the BBC Symphony Orchestra takes the lion's share of concerts – such as the opening-evening account of Strauss's opera *Elektra*, conducted by Andrew Davis. This year's foreign-orchestra visitors include the Austro-Hungarian Haydn Orchestra, European Community and Gustav Mahler Youth Orchestras (under Kurt Sanderling and Claudio Abbado respectively); the Leipzig Gewandhaus under *Masur* and Oslo Philharmonic under Janssons. Among the out-of-the-ordinary events are the late-evening visit from the Wynton Marsalis Band and the midday concert of Henze's Requiem (UK premiere); other new works can be expected from John Buller, Thomas Wilson and Nicholas Sackman.

LUCERNE
August 14 – September 8
Internationale Musikfestwochen Luzern, Hirschmattstrasse 13, Postfach, CH-6002 Lucerne, Switzerland. Tel: 41-235272
This year's programme focuses on anniversary celebrations of Tchaikovsky and Rakhmaninov, with Alfred Schnittke as the festival's first-ever composer in residence. Visitors from Russia include the Bolshoy Opera Orchestra and Chorus, the St Petersburg Capella Choir and Orchestra and the Russian National Orchestra. There will be a Rakhmaninov piano marathon with Barry Douglas and others, the world premiere of a new work by Edison Denisov and a Schnittke ballet programme. Visiting orchestras include the Berlin, Vienna and Oslo Philharmonics, and the line-up of artists ranges from Jessye Norman and Yuri Bashmet to Abbado, Barenboim, Järvi and Sawallisch.

MONTPELLIER
July 13 – August 6
Le Corum BP 9214, 34043 Montpellier Cedex 01. Tel: 6702-0201
Radio France's annual festival continues to promote off-the-beaten-track operas in concert formats. This year, these include Morlacchi's *Barber of Seville*; Wagner's *Rienzi*; Zemlinsky's *Birthday of the Infanta*; Puccini's *Le Villi*; and – best of all – Reyer's grand, unjustly neglected *Sigurd*, with a fine cast headed by Chris Merritt, Michèle Lagrange and Valérie Millot.

MONTPELLIER DANSE 93
June 22 – July 6
Festival Internaitonal Montpellier Danse, Hotel d'Assas, 6 rue Vieille Aiguillerie, 34000 Montpellier. Box office: 67-60-80-08. Info: 67-60-83-60. Fax: 67-60-83-06
There will be a certain amount of French new dance at Montepellier 93, but of more general interest are the performance of *Jason et Médée* on June 27 – a "reconstruction" of a celebrated 18th century ballet by the Ballet du Rhin; and a reconstruction of Filippo Taglioni's famous *L'Ombre* by Pierre Lacotte for his Ballet National de Nancy on June 29 and 30.

MONTREUX
August 20 – September 24
Festival de Musique Montreux-Vevey, Rue du Théâtre, Case postale 162, CH-1820 Montreux, Switzerland. Tel: 21-963-5450. Fax: 21-963-2506
The festival can finally boast a purpose-built concert hall – the newly-opened Auditorium Stravinsky on the shore of Lake Geneva. Montreux has never prided itself on thematic content, but this year includes a series devoted to French chamber music, including rare works by Reynaldo Hahn, Vincent d'Indy and Charles-Valentin Alkan. The line-up of artists includes Alicia de Larrocha, Teresa Berganza, Barbara Hendricks, Pinchas Zukerman, and the Royal Concertgebouw and St Petersburg Philharmonic Orchestras.

NEW YORK CITY BALLET
Balanchine Festival
Until June 27
State Theatre, Lincoln Centre New York. Tel: (212)-870-5570. Fax: (212)-870-5693. Ticketmaster (212)-307-4100
The work of its master choreographer, George Balanchine, dominates the New York City Ballet progamme this summer. To mark the tenth anniversary of his death, the company will stage an eight week season of Balanchine choreography – a miraculous 73 ballets on view – at the State Theatre, Lincoln Centre, New York, from May 4 until June 27. Essential viewing.

PARIS
Nouveau Festival International de Danse
June 15 – 27
15 Avenue Montaigne, 75008 Paris. Tel: (1)-49-52-50-50
The prestigious Nouveau Festival International de Danse de Paris has pulled off a coup by bringing our Royal Ballet to Paris for the first time in 40 years. The company will appear at the Théâtre des Champs Elysées between June 15 and June 27 with five programmes, which inclued *Mayerling, Swan Lake* and *Ballet Imperial, The Judas Tree, Still Life at the Penguin Café, A Month in the Country, Gloria.*

ST LOUIS
May 21 – June 20
PO Box 191910, St Louis Missouri, 63119. Tel: 314-961-0171
Opera Theater of St Louis, one of the world's most pleasurable and also most adventurous opera festivals, this year offers a world premiere – Carlson's *The Midnight Angel* – alongside Massenet's *Cendrillon, Don Giovanni*, and Britten's *Billy Budd* (in its rare original version). All are sung in English; theatre conditions are intimate; and picknicking on the lawns of the Loretto-Hilton Center helps create the amiable atmosphere.

SALZBURG
July 23 – August 31
5010 Salzburg, PO Box 140. Tel: 043-662-8045
The renewal of Salzburg as a place of festival excitement continues apace under Gérard Mortier's inventive direction. A Shakespeare staging of extraordinary interest can be expected from Deborah Warner (*Coriolanus*, European debut), alongside the revival of Peter Stein's *Julius Caesar.* This year's new opera productions are *Così fan tutte* (with Cecilia Bartoli and Jennifer Larmore), *Lucio Silla* (with Ann Murray and Luba Orgonasova), and Monteverdi's *Poppea* (with Sylvia McNair and Philip Langridge) and *Orfeo;* revivals include *Salome* and *Falstaff*; and there are concert performances of Dallapiccola's *Ulisse* and Nono's *Prometeo.* Concerts of contemporary music may have been increased, but the *luxus* elements of Salzburg – the parade of top-class international orchestras, conductors, soloists and recitalists – have by no means been eradicated. A notable occasion will be the farewell concert of Christa Ludwig, one of the best-loved of Salzburg veterans.

SANTA FE
July 2 – August 28
PO Box 2408 Santa Fe, New Mexico 87504. Tel: 0101-505982-3855
This year's productions are a diverse, attractive mixture: *La Bohème* (with Cynthia Haymon); *The Magic Flute*; Handel's *Xerxes* (in English, with Frederica von Stade and Dawn Upshaw); Strauss's *Capriccio* (with Sheri Greenawald) and a double bill of Kurt Weill rarities – *Der Protagonist* and *Der Zar lässt zich photographieren.* And the pleasures of the place itself never pall.

SCHLESWIG-HOLSTEIN
June 27 – August 22
Kartenzentrale des SHMF, Postfach 3840, D-2300 Kiel 1, Germany. Tel: 431-567080. Fax: 431-569152
Like a musical mosaic, this festival spreads out from Hamburg, Lübeck and Kiel to some of the most attractive towns in northern Germany, in venues which give a more local atmosphere than most. There is a strong Polish influence this year, with three Polish orchestras touring the region and performances of Szymanowski, Penderecki and several of their less familiar compatriots. The Festival Orchestra will give concerts under Georg Solti, Semyon Bychkov and Valery Gergiev, and the line-up of recitalists includes Shura Cherkassky, Jessye Norman and Anne-Sophie Mutter.

SPOLETO
June 29 – July 18
Associazione Festival dei Due Mondi, Via Cesare Beccaria 18, 00196 Rome, Italy. Tel: 6-3210 288. Fax: 6-3200 747
Spoleto offers a hot, hectic round-the-clock collage of events, spearheaded by two opera productions – Puccini's *Trittico* staged by Spoleto's ageless festival supremo Gian Carlo Menotti in the Teatro Nuovo and *The Rake's Progress* at Teatro Caio Melisso. The dance programme features the American company Garth Fagan Dance and the Ballet of the Deutsche Oper, Berlin, with Peter Schaufuss. Steve Berkoff directs Oscar Wilde's *Salome,* and there is an Italian-language production of Tennessee Williams' *A Streetcar Named Desire.*

STRASBOURG
June 4 – July 3
Festival de Musique de Strasbourg, 24 rue de la Mésange, 67081 Strasbourg Cedex, France. Tel: 8832-4310. Fax: 8832-4238
Despite its attractive setting on the Rhine and its proximity to the Alsatian countryside, Strasbourg has never really capitalised on its potential as a festival centre. But this year's programme offers some worthwhile events, including a series of concerts by the Kiev Opera Orchestra and staged productions of Nabucco and Cosi fan tutte. There are also concerts conducted by Pierre Boulez and Michael Gielen.

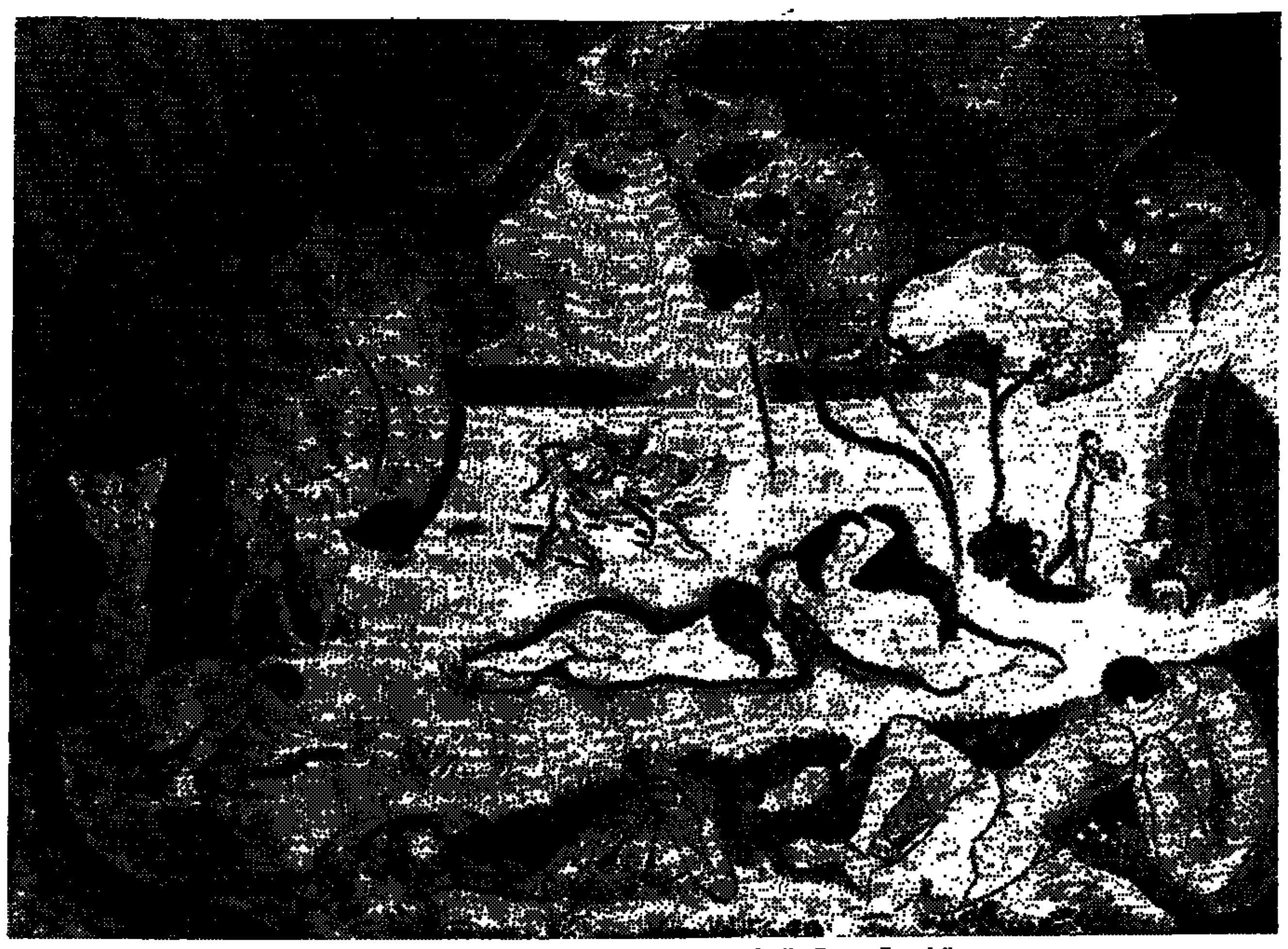
TANGLEWOOD
July 9 – August 31
Until June 14: Tanglewood Ticket Office, Symphony Hall, Boston, MA 02115. After June 14: Tanglewood Ticket Office, Tanglewood, Lenox, MA 01240. Tel: 617-931-2000
For more than 50 years, the Boston Symphony Orchestra's summer home has provided a relaxed setting for concerts in the heart of the Massachusetts countryside. The Tchaikovsky and Rakhmaninov anniversaries provide the connecting thread of this year's programme, with a roster of artists including Evgeny Kissin, Yuri Bashmet, Galina Gorchakova and Sergei Leiferkus. Seiji Ozawa conducts a *Bernstein* memorial concert and a new work by Alexander Goehr. Roger Norrington conducts two concerts, John Eliot Gardiner makes his Tanglewood debut and William Christie directs Les Arts Florissants in Purcell and Charpentier.

TEGERNSEE
July 3 – 14
Internationales Oleg-Kagan-Musikfest am Tegernsee, Kurverwaltung Kreuth, Nödliche Haupstrasse 3, D-8185 Kreuth, Germany. Tel: 8029-1819. Fax: 8029-1828
The picturesque setting of Kreuth, a former court spa at the foot of the Bavarian Alps, makes this one of Europe's most peaceful and intimate festivals. It was founded four years ago by the late Russian violinist Oleg Kagan and his cellist wife Natalia Gutman, and is notable for attracting high-powered Russian virtuosi, some of them little-known in the West.

WARSAW
September 17 – 25
Warsaw Autumn, Rynek Starego Miasta 27, 00272 Warsaw. Tel/Fax: 22-310607
Despite the presence of chamber ensembles from Lithuania, Czechoslovakia and the Netherlands, the programme of this year's Warsaw Autumn contemporary music festival is less international than in the past two years, apparently because of economic problems. Nevertheless, the festival continues to provide a worthwhile international platform for Poland's lively contemporary music scene, with prominent contributions this year from Lutoslawski (Fourth Symphony), Penderecki (Flute Concerto) and Gorecki (Concerto-Cantata).

WEXFORD
October 14 – 31
Theatre Royal, High Street, Wexford, Ireland. Tel: 0353-53-2214
A classic Wexford trio of unjustly neglected or forgotten operas this year: Tchaikovsky's beautiful *Cherivichki (The Tsarina's Slippers)*; Paisiello's *Barber of Seville*; and *Zampa*, Hérold's once-popular 19th-century *opéra-comique.* A typically full concert schedule gives prominence to Wexford's young singers.

Eccentric's collection goes on the road



Matisse's 'Bonheur de Vivre', one of the masterpieces touring the world to raise money for the Barnes Foundation

Elspeth Moncrieff takes up the story of the philanthropist Albert Barnes's Foundation now that Richard Glanton has taken over

THE BARNES Foundation situated in Merion, a smart suburb of Philadelphia, is notoriously inaccessible, often dubbed "the greatest museum you never heard of". Now it is closing down for two years and, in an unprecedented world tour, has sent 90 or so of its paintings to Washington, going on from there to Paris, Tokyo and two further unconfirmed venues.

The exhibition, *Great French Paintings From The Barnes Collection*, includes such masterpieces as Seurat's "Poseuses", Matisse's "Bonheur de Vivre" and Van Gogh's "*Joseph-Etienne Roulin*". Sixteen glorious Renoirs, 20 Cézannes, 15 Matisses and nine Picassos will be exposed to mass public scrutiny for the very first time.

The tour, expected to raise \$15m, \$7m of which to restore the Foundation's buildings and the rest to boost the existing \$9.8m endowment fund, has whipped up a storm of controversy. Many people question the conservation issues involved and the ethics of overturning the will of its eccentric founder, Dr Albert Barnes.

In a typically American "rags to riches" story, Barnes, the son of a Philadelphian butcher, made his fortune through the discovery of a patented antiseptic, and acquired an art collection. Not for him the pursuit of famous Old Masters to aggrandise his social status. Instead he scoured the Parisian dealers and studies for modern art, purchasing 171 Renoirs, 57 Cézannes 54 Matisses and 19 Picassos and "discovered" Soutine who, with Modigliani and other School of Paris painters, he introduced to the US.

Barnes decided to turn his collection into a personal "educational experiment under the principles of modern psychology as applied to education." The Barnes Foundation was created in 1922; it was never conceived as a public gallery but as a place for the education of "plain people who gain their livelihood from daily toil". Barnes's own factory workers were subjected to the experiment with two hour breaks put aside for aesthetic instruction.

The display of the galleries was never to be altered from Barnes's idiosyncratic hang which ignored art historical schools. Paintings by Picasso and Modigliani are juxtaposed with second rate old masters, African masks, Greek sculpture and New Mexico folk art. There are no labels or explanations. To complete his experiment, Barnes introduced a collection of metalwork. Candlesticks and tea pots sit in front of paintings by Matisse and Picasso and weather vanes hinges and keyholes punctuate the walls at regular intervals along with brightly coloured American Folk art, pottery, painted chests and furniture and Navajo rugs.

Barnes had broken down the established perimeters surrounding art history, but the effect is so bizarre one senses a wicked sense of humour below the apparent seriousness. King in his little kingdom, he delighted in turning away such luminaries as Le Corbusier, T.S. Elliot or millionaire collector Walter Chrysler. None of the works were ever to be lent or reproduced in colour – the exhibition catalogue is the first of its kind – and social activities, with their associated preening and posturing, were not permitted inside the galleries. A decade after Barnes's death in 1951, after its tax exempt status had been challenged, the Foundation was forced to admit the public two and a half days a week. Otherwise it remained frozen in time.

Barnes appointed Lincoln University, a small local black college with the power to nominate four of the five Barnes Trustees. In 1990, a combination of circumstances saw Richard Glanton elected Chairman of the board of Trustees and the pace of this inward looking institution was dramatically changed. Glanton is a 46 year old ambitious African-American attorney who has no artistic or museum qualifications. He decided that the building was in need of an urgent conservation and security upgrade and proposed selling \$15 million of paintings to finance the operation.

A storm of protest shook America and Glanton quickly changed his tactics. He enlisted Walter Annenberg, the Philadelphian publishing billionaire and art collector on his side, which silenced all museum opposition. Annenberg, one of the most generous patrons of American Museums, was at the time courting four leading Institutions who all hoped to receive his magnificent collection of Impressionists. In the event he left it to the Metropolitan in New York. Glanton explained that the idea for the tour and accompanying catalogue came from Annenburg.

Suddenly Museum directors throughout the world were eating out of his hand at the thought of the prestige and ticket revenues this remarkable and unknown collection would bring. Paris has agreed a loan fee of \$2.5m, Tokyo \$4.5m and the Royal Academy tried desperately to secure the exhibition for London, but failed, unable to raise the necessary sponsorship.

The contract to publish the catalogue has been awarded to Alfred A Knopf, and a licensing agent has been hired to unlease a flood of Barnes memorabilia, reproductions of 16 of the paintings will cost \$600 each. Glanton estimates the potential revenue at about \$15 million.

Glanton's critics, led by the students of the foundation, claim he is destroying its very essence. By seeking a court injunction to overturn the founders will and tour and publish the collection he has violated a basic moral trust. Glanton counters their claims with equanimity, he wants only to bring the foundation securely into the 21st century.

In the future he hopes to turn the Barnes into "a full educational institution, running accredited courses with two chaired professors endowed from Princeton and the University of Pennsylvania."

One of Glanton's most outspoken critics is the New York dealer Richard Feigen, who was formerly a Lincoln board member and on the Barnes Foundation's Art Advisory committee. He questions the whole *raison d'être* of the tour and the wisdom of subjecting masterpieces of this size and quality to such hazardous exposure. Prior to Glanton's appointment he had undertaken detailed surveys into the condition of the building. "It was not in that bad condition. The paintings are all on canvas and on the whole in exceptionally good condition. The humidity, ventilation, air-conditioning and security systems could have been brought up to standard with the minimum of disruption to the Foundation and the students and the money obtained through an appeal. And if the building is in such appalling condition why are the paintings fit to travel?".

Glanton admits that the paintings are "in pristine condition and have not as yet suffered any damage." However, "the building is a long term hazard and if they continue in poor environmental conditions there will be serious consequences."

What ever the tour's detractors claim, this is an exhibition the crowds will flock to. But although the paintings may look their very best in the high-tech conditions of a Washington or Paris show, seen thus they will have little to do with the spirit of Albert Barnes. The selection has focused on the most popular aspects of the collection virtually ignoring Soutine and the school of Paris and all the applied arts so dear to Barnes. To understand one of this century's true eccentrics there is no substitute for the pilgrimage to Merion to see the Picasso hanging next to the pitchfork on the old burlap covered walls.

Great French paintings from the Barnes collection, National Gallery of Art, Washington until August 15; Musée d'Orsay, Paris, September 6-January 2 1994; National Museum of Western Art, Tokyo, January 21-April 3, 1994. Other dates and venues to be determined.

Off the Wall/Antony Thorncroft

Arts Council to patronise the underdogs

THAT BAND of unregenerate old hippies, the members of the Arts Council, gathered at Woodstock this week, to overthrow the national arts scene as we know it. OK, it was Woodstock Oxford rather than Woodstock NY, but their conclusions would have received a cool "right on" from any survivors of the 1960's. Cultural diversity; more money for education and "outreach"; support for new creative works; along with finally biting the bullet and funding fewer arts organisations better, were the buzz words to emerge from the two day conflab.

In addition to these familiar good intentions there were some actual specifics – contemporary dance and the visual arts are going to receive more subsidy at the expense, it seems, of the theatre, in particular the regional theatre. So the two most unpopular art forms win out over the most popular. Contemporary dance has been shedding its always tiny audience quite dramatically in recent years and the visual arts, by which the Arts Council means contemporary art, is the most elitist and universally disparaged arts activity in the land.

Fortunately the Arts Council has also chosen the two most insignificant art forms to patronise. It gives less than £2m of its 1993-94 budget of £225m to contemporary dance, and only around £5m to the visual arts. They can hardly absorb more than an extra £3m between them, so, in theory, few local theatres, or orchestras, or popular classical ballet companies need disappear through this prejudice.

An even bigger constraint on a wide scale slaughter is government funding. The government is pledged to reduce its subsidy to the Arts Council by £5m in 1994-95. History suggests that a planned budget has never actually taken effect – last minute lobbying has always secured more cash – but this year the government could actually take its axe to the arts. The Heritage Minister, Peter Brooke, is weak and the £50b national overdraft is awesome. The Council's secretary general, Anthony Everitt, said yesterday: "I am very glum".

So the nation's arts companies can expect to hear in December that they will have their grants cut, and the Council will probably take advantage of the universal misery to start its commitment to withdraw cash from some clients and give more to others. The howls of anguish will be very loud but the government will take most of the flak.

A year ago the Arts Council seemed to be on the way out. Now it is taking the initiative. It has made clear it expects the Regional Arts Boards to fall in line with its policy and it is looking forward to getting its hands on the Lottery money devoted to the arts. But with a government commissioned report into its operations by Price Waterhouse landing on the Heritage Ministers desk any day now its ebullience may be short lived.

★

When not chairing the Arts Council, Lord Palumbo is a property tycoon. All the more galling for him then that the Council must pay out £500,000 a year in rent on a property it has not occupied for years.

The Council moved out of its grand premises at 105, Piccadilly to a more modest home in Westminster in 1991, but it still carries the lease on a building at the rear of 105, which was acquired to accommodate a staff over-flow. It has been frantically seeking a new tenant, but with no luck. With almost five years of the lease still left to run the Council needs a quick pick up in the property market to release this sizeable sum of money which could be the life blood for many hard pressed arts companies.

Another blow for Lord Palumbo is that his brain child, the Arts Foundation, the organisation set up to foster the avant-garde in the arts, ended its first year with a deficit of over £50,000. In addition to the investment income it received on its £1m endowment from the mysterious benefactor, Mr Hoch, it attracted only £1,000 in additional revenue. So income of £140,000 was far exceeded by expenditure, which included just £49,000 in grants. With the Foundation currently awaiting its new director its future looks bleak.

★

The arts sponsorship industry was in a self-congratulatory mood when it gathered at the Tate this week to celebrate the winners of the Goodman and Garrett Awards. Lord Sainsbury was £10,000 richer after receiving a cheque from Lord Goodman in appreciation of his voluntary encouragement of business support for the arts,

Howls of anguish will be loud, but the government will take most of the flak

while Ruth McKenzie of the Nottingham Playhouse took the professionals award from Lord Garrett for boosting the sponsorship take at the Playhouse from £2,000 in 1990 to £117,800 today.

Of course the winners pass on the cash, Lord Sainsbury giving his money to the Benesh Institute of Choreology, which records the dance steps of ballets, and Ruth McKenzie to the Playhouse educational programme. The awards were, in their turn, sponsored by Reed Elsevier.

For once the speeches were fierce, Lord Sainsbury taking a swipe at the Arts Council (which had eliminated the Benesh's annual grant) and Lord Goodman comparing today's Arts Ministers unfavourably with Ministers of the past, especially Jennie Lee. The current incumbent, Peter Brooke, diplomatically left before Lord Goodman spoke, but there is a growing groundswell in the arts world that he must fight his corner more fiercely with the Treasury ministers – or go.

The one topic not mentioned was the current disaster affecting the hosts of the evening, the Association for Business Sponsorship of the Arts. A routine audit in March suggested that the Business Sponsorship Incentive Scheme, which ABSA administers on behalf of the Government, had given £150,000 in top up grants to imaginary arts companies claiming to have received sponsorship money from equally mythical companies; or their subsidiaries. The British Sponsorship Incentive Scheme administrator Nicholas Wood is currently on police bail.

ABSA hopes to retrieve a good slice of the money. A few years ago a short lived West End play was based on the idea of an obscure northern theatre, which put on bingo and striptease, asking for, and receiving, an Arts Council grant. The boundaries between the arts and reality have always been murky.

Open house on the Carré

Nicholas Powell reports on a Parisian fair with a party atmosphere

IT RAINED buckets but thousands turned up and some even bought art. The 140 dealers on the block of seven streets called the Carré Rive Gauche, next to Paris's Musée d'Orsay, threw open their annual spring time open house event last Tuesday evening to charm Parisian and foreign collectors with free champagne and lots of meagre-looking potted plants topped with tricoleur flags.

The Carré covers every artistic speciality from Chinese porcelain to Old Master paintings and over recent years the open house events held in May (dealers put on special displays and stay open longer hours) have been as depressed as the art market itself. This year a number of galleries spared themselves the expense of joining in while others complained that too many collectors, frightened by low prices, were unwilling to part with their belongings. But the area, as well as being delightful to visit – it contains some of the most handsome town houses and courtyards in Paris – has an abundance of exceptional objects this year. Dealers report that high quality art is selling and trade in lower priced items is better than it has been for several years.

Pierre and Dominique Chevalier of France's leading tapestry dealers, Galerie Chevalier on the Quai Voltaire are displaying a small and beautifully fresh 16th century tapestry of the Virgin of the Rosary, made in the Catholic area around Lucerne. It sold immediately on Tuesday evening. Pierre Chevalier said the market seemed to be shaking itself out of the slump but that collectors pushed hard bargains.

Proving his confidence in the Paris market, Frankfurt furniture dealer Thomas Poller has gone into association with the Chevaliers and become the only specialist in a city in Biedermeier. Nearby, medieval art dealers Bresset are showing a very rare 1490 wood sculpture of the Annunciation by Maastricht artist Jan van Steffesweert for around Fr500,000. The Virgin sits in a garden symbolic of maidenhood with a unicorn while the Archangel Gabriel, dressed like a hunter, knocks at the door.

In a different vein Lorraine Norre at 6, rue de Beaune has a carved Russian chair of the Talachkine school in the line of the English "arts and crafts" style, similar to two others in the Musée d'Orsay. Porcelain expert Helene Fournier, at 25 rue des Saints Peres, is showing 18th century earthenware terrines resembling cabbages and melons while Jean-Pierre Gros, just down the street, has three Beauvais tapestries of 1680 in exceptional condition depicting Louis XVI in front of his Royal residences.

Next door to the Carré, which continues tomorrow (Sunday) the 50 dealers in contemporary and African art of the Saint-Germain district are also staging an open house event this weekend. Before the market slumped in 1990, high prices were squeezing work by young artists out of galleries and intimidating many visitors from going inside. Nowadays more galleries are investing in lesser known talent at reasonable prices.

That change is immediately obvious in Saint Germain, which has chosen an Italian theme this year. Some galleries are still showing surefire classics. The Galerie Krief at 50 rue Mazarine has minutely drawn semi abstract compositions in enamel on aluminium by Roman artist Gianfranco Baruchello. Galerie Di Meo is exhibiting mixed media on cardboard works by Pierre Pizzi Cannella, member of the circle of young Roman painters; and Galerie Protee at 38 rue de Seine is staging the first ever one-man show in France devoted to the Italian artist Bargoni.

Radio/B.A. Young

Pilko walks and talks

PILKINGTON in Kyrgyzstan has a regrettably comic sound to it. Tony Wilkinson, who travels less far but more often on Radio 4, gets a nickname, as in *Wilko's Spain*, also on this week. In his engaging talk last Thursday John Pilkington tried to add some fun to his chat by, for example, not cutting from his tape his fall into a snowdrift; but mostly it was purely informative. He went to Kyrgyzstan in 1991, when it was only just disengaged from the USSR and was now Kirghizia, though no one had noticed that. The more vital reform announced this week, with the rouble replaced by the som, would be noticed all right, for in Pilko's Kyrgyzstan there was already high inflation.

Pilkington told us little of how he lived for the three months of his visit; but he was given sheep's milk yoghurt by a herdsman who had 100 sheep and eight children and thought everything was fine. He described the myriad new market stalls in Parliament Square in Bishkek (probably Fronze on your map). President Akayev was quoted as saying that "the market was favourable for foreign investment", and indeed the Italians were involved in the silk mill near Ozh, on the old Silk Road. Pilk-ington seemed never to have had trouble finding English-speakers - evidently he has some Russian even if not Kirghiz or Uzbek.

Most of his talk was about his walking exploits, and very impressive these were. The producer was John Watkins.

John Spurling's *MacRune's Guevara*, the second Sunday play in Radio 3's 1968 season was actually in the National's 1969 Workshop. I wrote then that it was "as trenchant as it is comic", and I stick by that, though I have to say that this production under Jeremy Howe is not quite as comic as that of 1969 under Frank Dunlop. It is a series of parodies of Che Guevarra's exploits in current theatrical styles – orgy, five-act drama, musical, etc – written on the wall of his bedroom by MacRune, a Scottish-Irish artist, rescued by the next tenant. It is less easy to laugh at a joke second time, and I had to work harder, but it was worth another airing and was well played.

The 1968 theme was also shown in some half-hour *Messages*. First, the message of Timothy Leary, *Turn On, Tune In, Drop Out*, mostly a boost for LSD, which William Burroughs approved, Alan Ginsberg did not, and in England – those were the days! – was used mostly by the middle-classes at Oxford and Cambridge. *Om* dealt with "transcendental meditation". Ginsberg was there too, but the best-known practitioners were the Beatles, with Ravi Shankar and the Maharishi. I ignored further messages, and Radio 2's *Tuning In*, a new series for Tuesdays, is more about the radio than other narcotics, in the 1950s yet.

I meant not to write more about 1968, but I cannot miss Edward Bond's *Early Morning* next Sunday, which in 1968 was followed by a "teach-in" that liberals thought prompted the end of theatre censorship, though it was mostly about John Calder's *Defence of Literature*, stimulated by *Last Exit to Brooklyn*.

The theme of Radio 4's Monday Play, *Grandma and Ms Chaterjee* by Kitty Fitzgerald, was bizarre enough for 1968, but it dealt with working-class people of our own day. Hospital-bound Kathleen Riley (Liz Kelly) and her fellow septuagenarian Mira Chaterjee (Leena Dhringra) can induce radio sets to emit the voice of their Goddess (Julie Christie). She preaches atheism and feminism, emphasising sex; she sneers at the Bible and condemns the many deaths in the pursuit of Christianity. This distresses their everyday relatives, taints the relationship of engaged granddaughter Breda and her devout Philip, even leads to police activity. We are not expected to believe it, I hope, but at least we may conclude that the Goddess's principles are for the general good. Kate Rowland directed.

ARTS

Ellen McLaughlin (as the Angel) and Stephen Spinella

'Angels' on Broadway

***Karen Fricker** talks to Tony Kushner about his play*

NEARLY TWO weeks after its opening at the Walter Kerr Theatre, *Angels in America: Millennium Approaches* has every look of a Broadway hit. The first part of Tony Kushner's freewheeling seven-hour-long play about gay life, AIDS, Reagan-era politics, Mormonism, and Roy Cohn (the second half, *Perestroika*, is scheduled to open in the autumn and to run in repertory with *Millennium*) opened with over $1 million in advance ticket sales – a very high figure for a non-musical. The production was dogged with technical problems in the final weeks before it opened, but Kushner's being awarded the 1993 Pulitzer Prize for Drama for *Millennium* on the day of its first preview surely boosted company morale.

The reviews were excellent, and, most importantly for business, the New York Times' Frank Rich, who reviewed the play favourably in its two previous major productions at London's Royal National Theatre in early 1992 and at the Mark Taper Forum in Los Angeles last November, gave it a rave. This week *Millennium* was nominated for nine Tony (Broadway theatre) awards, more than any other play in Tony history, including nominations for best play and best director, George C. Wolfe.

This strong reception, fed by and fuelling the kind of hype that only American popular culture can provide, and little competition in an otherwise bleak Broadway season, has made *Millennium* essential viewing for New Yorkers.

"I never thought I would write anything that would go to Broadway," Kushner said this week, "and it was never terribly important to me to do so. But when the opportunity presented itself to take *Angels* to Broadway, I wondered if I'd ever get another chance."

The playwright, who is 34, was talking about the decision he faced late last year after *Angels'* Los Angeles opening. This production was originally slated to transfer intact from the Mark Taper Forum to the Public Theatre, the flagship house of the not-for-profit New York Shakespeare Festival, and then, perhaps, move on to Broadway. Critical reaction in Los Angeles – ecstatic about the play (though most suggested that *Perestroika* wanted rewriting), but not about Oskar Eustis' production – meant that whatever its course, *Angels* would have a new director and design team.

Kushner returned to New York to find the power barons of commercial theatre falling over themselves to produce his play on Broadway. But it was important to him that the play be accessible to the gay and downtown theatre communities that had nurtured him, and several advisers urged him to stick with his original plan, to work out *Perestroika's* kinks and to gain momentum downtown. But the play's technical challenges could better be answered on a Broadway stage and with a Broadway budget than at the Public, and the wider audience that Kushner could reach on Broadway beckoned. The earliest any production could open would be May, so that a transfer uptown from the Public could not happen until early summer, missing this year's Tony Award deadline: box office suicide.

In the current glow of his success, what Kushner decided looks like the obvious choice, but at the time it was an act of chutzpah inviting hubris. Many of the play's defining characteristics – it is long, political, about serious subjects, and loved by the intelligentsia – are thought to be commercial audience repellents.

"I thought it would be fun," says Kushner, "to take a risk." He accepted the Jujamcyn Organization's offer of its Walter Kerr Theatre, a relatively intimate space that he felt best suited the play. It was soon announced that Wolfe, the young African-American theatrical *auteur* who wrote and directed last year's Broadway musical hit *Jelly's Last Jam*, would direct. And New York has not stopped hearing about the play since.

That his risk paid off is due, at least in part, Kushner thinks, to recent changes in America's social and political climate. "We are in the middle of an historic transformation for gays and lesbians in this country. People are seeing *Angels* on Broadway as a harbinger of that, or, as a symptom of it, if it's something they don't approve of."

Though *Angels* opened big, it still faces its greatest challenge: staying big. When the rush of ticket sales after the Tony Awards (which it is bound to sweep) has died down, will *Angels* be a success with tourist audiences and theatre parties?

"The biggest gratification right now is that we've done something that defies the conventional wisdom that big, daring political plays can't play on Broadway," says Gordon Davidson, the artistic director of the Mark Taper Forum/Center Theatre Group which is one of *Angels* Broadway producers, "but that's not to say that we are out of the woods yet. Once we get past this initial surge we have to get to a much wider audience." Kushner agrees: "We still have to prove that there is a real audience for this show and that it can work as a popular event."

It is certainly not a show that is going to make a fortune for its producers. Not only is it expensive to mount and keep running, but it will cut back to four performances a week in August and September while the company rehearses *Perestroika*. Kushner's insistence that there be low-price tickets available at every performance – his way of assuring accessibility to the downtown community – and the dollar per ticket that is donated to Broadway Cares/Equity Fights AIDS, also cut into profits.

Kushner surveys his ever-expanding kingdom with exhaustion: "There was a production of *Angels* in Sydney that's now running in Tel Aviv, and there are productions planned in Japan, Greece, Czechoslovakia, Switzerland, France, and ... other places. The play's going to have a new life in this country in regional theatres and in amateur and college productions, and I'm excited about that. I hope that the life of this play will go on and on, but this part of it, which has been the most extended and difficult project of my life, will come to an end when *Perestroika* opens in the fall in New York and London (at the National, where it will run in repertory with *Millennium*, both directed by Declan Donnellan). I hope I get it right this time because if I don't I just can't go back and fix it. I have to move on. I can't keep writing *Angels in America* all my life."

A finely tuned 'Wozzeck'

***Max Loppert** admires Opera North's first production of Berg's masterpiece*

THE LAST new production of the 1992-93 Opera North season at Leeds is also the last under the departing general administrator, Nicholas Payne. The work is Berg's *Wozzeck*, of which Payne writes feelingly in the programme – "I suppose that I love *Wozzeck* as much as any opera" – and of which, happily but by no means fortuitously, his company now offers an outstanding presentation.

It bears, indeed, the marks of a performance put together with loving care: meticulously prepared orchestral and choral contributions, a production finely attuned to the spirit of the opera and finely tuned by almost all its participants. The results, as shown on Thursday, reveal qualities of the highest appropriateness to Berg's opera – theatrical immediacy born of economical, forceful statement, musical and dramatic; emotional power searing without the faintest trace of melodramatic excess or self-consciousness; a fierce, uninflated truthfulness of characterisation.

The show possesses above all the rare merit of allowing the music to dominate the experience, of baring to the audience Berg's unequalled combination of intricate workmanship and animal directness of expression, while at the same time never neglecting the revolutionary inventiveness of his total theatrical vision, his foreshortening of emotional time and space. Done this way, in a small, intimate theatre, and in English – a new translation by Richard Stokes, convincingly colloquial if also at times bluntly worded – Opera North's *Wozzeck* proves one of the most completely absorbing and compelling I have heard and seen.

Much advance publicity was generated by the operatic debut of Deborah Warner, the celebrated theatre director. For a change the ballyhoo was justified. The naked intensity, austerely arresting control of stage space and tautly over-arching line of thought which rendered, say, the Warner *Electra* at the London Riverside Studios such a shattering experience have been re-invented in the operatic medium with no evident loss or dilution.

Alastair Muir

Sam Townend, Vivian Tierney and Andrew Shore in Deborah Warner's fine operatic directing debut

Flat-planed designs by Hildegard Bechtler, hard yet luminous, characteristically atmospheric in their painterly manipulation of colour, allow Berg's pattern of scene and interlude to form and dissolve with unshowy deftness – the swish of a diaphanous black front curtain, the sideways slide of panels and bleak props, and the "psychological" lighting of Jean Kalman are all functional and at the same time crucially poetic properties. Apt tribute seems to be paid to the original 1925 Berlin *Wozzeck* designer, Caspar Neher (also Covent Garden's in 1952).

The "extremeness" of the opera's situations and moods is here balanced by an acutely disciplined acting style – sited within the bounds of naturalness yet shaded and heightened by expressionist intensity.

Vivian Tierney, a Marie of quite wonderfully unaffected pathos, unadorned physicality and (except in the highest notes) lyrical fullness of voice, is perhaps its most immediately affecting exemplar; but Andrew Shore's Wozzeck (the shaking inner torment depicted in small, precise detail), Jeffrey Lawton's rubicund, self-satisfied windbag of a Captain and Alan Woodrow's small, musclebound Drum Major stand no less proud at the head of a cast almost all musically strong and untainted by exaggeration or cartoon grotesquerie. Violence, when it comes, is horribly well-plotted (Marie's blood streaks the floor); Mark Curtis's Idiot haunts the proceedings like a blood relation of Pierrot Lunaire.

Paul Daniel conducts the English Northern Philharmonia in a manner and style exactly matched to the production – Wednesday's performance was one of those treasurable operatic occasions in which it became increasingly hard to distinguish between the activities of stage and pit. At this stage the conductor's innate honesty of approach does not allow him to relish as fully as some have done the "Viennese" elements in Berg's musical idiom, the portamento phrasing and sickly-sensuous waltz rhythms and drenched string textures underpinning Marie's Bible reading and the D-minor Interlude.

That may come. Already Mr Daniel and his orchestra and chorus provide so assured a command of the score that the good fortune of Leeds audiences in having as their first *Wozzeck* this admirably rounded realisation is hardly to be believed.

The production is supported by Friends of Opera North; in repertory at the Grand, Leeds until May 21, then on tour in Manchester, Nottingham, Hull and Sheffield

Murder and verse

***Malcolm Rutherford** reviews T.S. Eliot in Stratford*

THERE IS a lot of murder in Stratford this week: the murder of T.S. Eliot's marvellous verse. It is not just manslaughter. This is clearly a coldly, carefully premeditated act. Where Eliot wrote for a verse-speaking, fatalistic chorus, the women of Canterbury now affect a kind of naturalistic prose.

On the other hand, there is a very understandable motive. *Murder In The Cathedral*, written in 1935, was Eliot's first play. In a memorable essay nearly 20 years later Eliot admitted that it had not solved the problem of reinventing verse drama. For *Murder* is more of a pageant and a ritual than a genuine play. It was designed for the Canterbury Festival and is still usually performed in a cathedral. The unmistakeable echoes you hear in it are those of Eliot's poetry, not of his later dramatic work.

Nevertheless, two substantial sections of *Murder In The Cathedral* are in prose. One is the archbishop's sermon on Christmas Day when he prophecies his own death. The other is the attempted justification by the knights of why Becket had to be killed. This latter part is almost Shavian and involves the knights in a direct engagement with the audience, pleading their cause as plain, blunt Englishmen while the body of Becket lies bloodily before them. They murdered the archbishop because, in the interests of efficient government, it was necessary to choose between the powers of church and state.

That is the scene which dominates Steven Pimlott's production. The knights have a case which it would be artificial to put in verse. They are witnesses addressing a jury, not part of a pageant. Quite why they are dressed as parodies of SAS commandos is another matter. Some of the lines are remarkably modern. For instance: "Our king saw that the one thing needful was to restore order: to curb the excessive powers of local government, which were usually exercised for selfish and often for seditious ends."

Eliot emerges here as an effective writer of prose drama, catching precisely that diffident way some Englishmen have of taking to public speaking. They even have names like old Tory MP's, such as Reginald Fitz Urse. Guy Henry, as knight number 2, is the best of a very good quartet.

Alastair Muir

Michael Feast as Becket (left) with Clifford Rose in Stephen Pimlott's production of 'Murder in the Cathedral'

Whether the earlier sacrifice of the verse was worth making for the sake of getting down to the politics later is more questionable. I think that Pimlott should have recognised the exceptional nature of the piece. It falls into separate parts. The verse-speaking of the chorus is essential to emphasise the ritual, the sense that the women are impotent to influence what goes on around them.

Pimlott tries to differentiate between them, splitting up the lines and seldom letting them speak in unison. He does the same thing with the priests, clearly implying that one of them is gay – note Becket's firm kiss on the lips – and that another is a potential defector. Yet in the end the priests, like the chorus, stick together.

Becket is played by Michael Feast: he would be better under more mature direction. Those who know *Murder In The Cathedral* largely from reading and an admiration of Eliot's poetry are liable to be disappointed, yet there are scenes, such as the knights, which make it worth seeing.

Swan Theatre, Stratford (0789) 295 623

YMSO tackles social themes

IT IS a double achievement to come up with a programme which is not only musically ambitious, but also politically correct. For its Royal Festival Hall concert on Wednesday – a splendid achievement all round – the Young Musicians Symphony Orchestra brought together two works which tackle major social themes of our century.

The First Symphony of John Corigliano is the more recent, the more urgent in what it has to say. First performed in 1990, this is the composer's symphonic tribute to friends who had died from AIDS. It is impossible to escape the issue that the music confronts, for the theme is no convenient tag attached at a late stage; it dominates the argument from the first note to the last. The message and the music cannot be divorced.

In these circumstances a cool-headed evaluation of the symphony's musical virtues is not easy (one might even say not desirable.) Corigliano's style is overtly sensation-seeking. The thumping heartbeat on the timpani, the "brutal scream" of death from madness, the unashamed sentimentality as fragments of favourite music from better times are heard in the distance – all these are obvious effects, which are probably half expected even before the symphony begins.

What still makes the listener gasp is their impact. In his desire to blast the audience out of complacency, Corigliano has not stinted on the size of the orchestra. The YMSO had players spilling into the choir seats (it seemsunlikely that a professional orchestra here could afford to put the symphony on). Under James Blair the young musicians played with enormous intensity and the rage, the passion, the sadness of the music were white-hot.

In the 1930s other world problems occupied the thinking composer's mind. Tippett's oratorio *A Child of Our Time* ostensibly deals with the hounding of a Jewish mother and son, but the use of spirituals at the point where Bach would have had chorales points to wider sympathies ("in the continual persecution one race stood for all").

The YMSO performance was not on the level of the Corigliano for unbuttoned, spontaneous involvement, but it was as involving as many a professional encounter with this score. Blair obtained acute, sharp playing from his musicians. The Crouch End Festival Chorus was well rehearsed and there was a fine young quartet of soloists, especially Stephen Gadd, the firm and eloquent bass.

Richard Fairman

Chess No 974:
1 Na6+ Kc8 2 Rxd8+ Kxd8 3 Rxe8+ Kxe8 4 Qxf8+! Kxf8 5 g7 mate.

RECORDS

Decadent opera comes good

***David Murray** reviews Decca's new series of 'Degenerate Music', or music banned by the Nazis*

MANY people know that the Nazis once staged a Munich exhibition of "Degenerate Art", *Entartete Kunst*, by way of pillorying visual artists whose work they found offensive. The criteria stretched wide: artists and their works could qualify if they were any or all of (a) Jewish, (b) social-critical, (c) lurid in the eyes of decent folk, (d) abstractionist, or (e) sympathetic to Negroes.

There was also, a little later – 1938, in Düsseldorf – a copy-cat exhibition of *Entartete Musik*, "Degenerate Music". There the criteria had to be fudged a bit. For (d), read "atonalist", and for (e) "sympathetic to jazz"; but (b) could be detected only in libretti and song-texts, and any plausible equivalent for (c) would take in, embarrassingly, grand old Richard Strauss (*Salome! Elektra!*) and even the one seriously respected composer with Nazi leanings, Hans Pfitzner. Thus the resultant exhibition was less effectively vicious than just confused and stupid. (When Bartók heard of the exhibition, he *demanded* that his music be included too.)

The criteria for Decca's new CD series of *Entartete Musik* are no less generous. Any composer whose work was arguably significant but has been neglected, and whose fortunes suffered *somehow* under the Third Reich, seems to qualify. And why not? – it makes a good enough excuse for a welcome venture. One way and another, the Nazis *did* manage to deny performances to composers they judged inimical to their ethos. Careers were stifled or truncated, or driven to uncertain continuations in foreign lands, and German music certainly lost by that. Schoenberg and Hindemith were grave losses; Schreker and Zemlinsky were ruined.

Decca has inaugurated its series, however, with two operas by utterly different composers. Erich Wolfgang Korngold (his middle name indicates the hopes vested in him by his music-critic father) began as a brilliant but innately conservative *Wunderkind*, a pre-'teen prodigy of competence in an early-middle-Strauss vein. Since Strauss himself had by then progressed to late-middle, it was unsurprising that even early-middle Korngold soon sounded *passé*, perfervid though it was, and that from 1934 he should find a lucrative permanent niche as a Hollywood film-composer. It was almost beside the point that the Nazis condemned his 1927 opera *Das Wunder der Heliane* as "pornographic".

Yet it is a good, sour joke that what wrecked *Heliane*'s prospects for continuing success was the outrageous campaign mounted by Korngold *père* – with epithets worthy of Nazi denunciations – against Ernst Krenek's hugely successful opera of the same year, *Jonny spielt auf*, "Johnny strikes up". Krenek (who died a year and a half ago aged 90) was a musician whose acute intelligence left him exposed to the virtues of every new musical mode. Before *Jonny* he had investigated free atonality and then neo-classicism; soon after it, he espoused Schoenberg's dodecaphony for good. *Jonny*, however, was a free-wheeling affair, with jazzy borrowings which at once prompted the label "jazz opera".

> *The series has been inaugurated with two utterly different composers, Korngold and Krenek*

It was no such thing, and in current lingo should count rather as "post-modernist". Not only does Krenek's score tack insouciantly between different idioms – late-Romantic, light operetta, chromatic abrasiveness, Stravinskian chorales and "jazz", strictly associated with Jonny, the black American character – but the text (his own) plays off a soulful-artist's-crisis drama, as in Pfitzner or in Strauss's early *Guntram*, against amoral modern farce, the spectacular delights of new stage technology and the lusty allure of America.

On the Decca set (436 631-2, two CDs) Lothar Zagrosek and the Leipzig Gewandhausorchester capture its dispassionate verve elegantly, and with an unerringly chosen cast: Heinz Kruse as the sweetly self-absorbed composer, Alessandra Marc's sumptuous soprano for his erring diva, Krister St. Hill (the parti-coloured young Swedish phenomenon) as the mischievous opportunist Jonny. Somehow there *is* a consistent Krenek voice through it all – and musically speaking, a fine variety of pace and tone, though recent stage revivals suggest that the story may be too slight for its playing-time.

At the Almeida last summer, the astringent wit of Krenek's little 1945 one-acter *What Price Confidence* was a delightful revelation; *Jonny*, though more expansive, has plenty of that too. Contrariwise *The Miracle of Heliane* (436 636-2, three CDs) strikes me as a gangrenous monstrosity. The erotic "mystery-play" that seized Korngold's cosseted imagination was vacuous, crypto-pornographic stuff, and he set it as an overcrowded sequence of overblown climaxes, replete with celestial celesta, harp, glockenspiel, piano and an overweening orchestra.

Devotees of that dated idiom may warm to the strenuous vocal flights, which sound sincere and even noble from the mouth of Anna Tomowa-Sintow's Heliane, and fully committed from her co-principals John David de Haan (a liberating Dionysian stranger, as in Euripides' *Bacchae*) and Hartmut Welker as her grimly repressed royal husband. What the conductor John Mauceri draws from the Berlin Radio Symphony passes muster, though never on the Leipzig level.

Szymanowski's 1926 *King Roger*, too, features a Dionysian ephebe who triggers seismic upheavals in the hearts of a royal pair; but here the drawn-out, "untheatrical" music sustains an uncanny charge, hauntingly personal and original. There is a tantalising question about how far Szymanowski was aware of his homoerotic subtext. The new Schwann album (314 014 K2, two CDs), passionately sung and conducted – by Robert Satanowski with the forces of the Warsaw Teatr Wielki – surpasses the only previous version on records.

Finally: in the post-modernist stakes Schnittke's scabrous, grossly inventive comedy *Life with an Idiot* (Sony S2K 52 495, two CDs) is a front-runner – bravely unabashed cast, recorded during the Rotterdam premieres last year, with Rostropovich conducting and terrific sound-effects. It is nevertheless so narrowly bound to its Ortonesque action that non-Russophones must either keep their eyes glued to the translation, or else let much of the music-drama pass by unheeded, tuning in only when it rises (as often it does) to a domineering pitch. Better, perhaps, to see the thing first (and blench), and then use the recording to recall the effect.

Jazzy borrowings: Krister St. Hill as Jonny in Ernst Krenek's hugely successful 'Jonny spielt auf'

The sound of French Baroque

***Ronald Crichton** on a new 'Castor et Pollux' and a re-issued 'Faust'*

WILLIAM Christie's recordings with his group Les Arts. Florissants are as eagerly awaited as those of John Eliot Gardiner with his London forces. Both excel in bringing style, sympathy and vitality to the fascinating but not foolproof world of French Baroque theatre music.

Christie's new *Castor et Pollux* (HMC 9014353/37, 3 CDs) is well up to standard. Rameau's drama of the half-brothers (sons of Leda, but Pollux's father was divine Jupiter) and the Princess Télaïre whom they both love is presented with clarity and tautness also with tenderness and relaxation when needed for the dazzling changes of mood and colour in Rameau's skilfully assembled and contrasted divertissements. The dialogues, in recitative with brief *airs*, are done with spirit and point – following them with the text (English translation provided) makes all the difference.

Castor is Howard Crook, a fine high tenor often admired in music of this period, the voice gaining in strength. Brother Pollux is the baritone Jérôme Corréas, less assured at first but warming up to a deeply account account of the big aria "Nature, Amour". As Télaïre, Agnès Mellon sings the famous "Tristes apprêts" with admirable control. Mellon's voice, too, is gaining in strength and richness. Véronique Gens is a most effective Phébé, an unsympathetic character for whom one nevertheless feels rather sorry.

The sonorous Jupiter of René Schirrer might with advantage have been placed further from the others – one does not feel he is singing *ex machina*. Sandrine Piau does full justice to three of the demanding small roles with which stud the score, Mark Padmore likewise catches the attention in two more. Rameau's chorus writing is testing as well as brilliant. The ensembles here are sung with notable trenchancy and rapidity of articulation.

The version used is the original of 1737, as given in the Durand score. The music is a joy: only the athletes' dances fall a little below the general level, but perhaps routine triads and trumpets are what those Spartans deserve. I was brought up on the early version and on the whole prefer it while admitting that (as the English Bach Festival *Castor* at Covent Garden in 1981 memorably showed) the ending from the later, 1754 revision, reflective rather than jubilant, is the more moving of the two finales.

Re-issues on CD from the age of 78s continue to throw up treasure. Of major interest is the (almost) complete *Faust* made in Paris in 1930, conducted by Gounod's friend and pupil, Henri Büsser (re-mastered by Ward Marston for Pearl, GEMM CDS 9987, 2 CDs). The sound is elderly and uneven, but so clear is Büsser's exposition (this is the "old" *Faust* with recitatives) and so high the standard of singing that one soon forgets.

The Méphistophelès of Marcel Journet was famous. What a voice, even throughout the range, full of colour, zest and verbal inflections, with plebeian mockery peeping out from beneath a "gentlemanly" exterior. The bronze-toned César Vezzani's Faust is more heroic than lyrical, a fine example of its kind. Mireille Berthon, a very experienced soprano, is equally apt to the girlish side of Marguerite, the roulades of the Jewel Song and the drama of the church and prison scenes. She lacked a strong vocal personality. Valentin is Louis Musy, a sterling singer who no more shows the unpleasant side of the character than Vezzani suggests Faust's studiousness. Journet apart, they do not "act with the voice", but lines are beautifully firm and words blessedly clear.

Brüggen conducts with period passion

***Max Loppert** on new recordings of Bach and Haydn*

Bach: St John Passion. Soloists, Netherlands Chamber Choir, Orch. of 18th Century/ Frans Brüggen. Philips 434 905-2 (two CDs)

Haydn: Symphonies nos 100 and 104. Orchestra of the 18th Century/Brüggen. Philips 434 096-2 (one CD)

Haydn: Symphonies, Vol. 2 – nos 3, 14, 15, 17, 19, 20, 25, 33, 36, 108. Academy of Ancient Music/Christopher Hogwood. L'Oiseau-Lyre 436 592-2 (three CDs)

FRANS Brüggen's new *St John Passion* recording establishes a vital pulse almost with the first note, and maintains it unflagging to the last. In the sanctimonious, top-and-bottom-heavy oratorio-style performances of yore, there were features of Bach's ever-astonishing masterpiece particularly in danger of being obliterated: highly charged atmosphere, impassioned urgency of story-telling, subsuming of elaborate form and intricate device into rapidly-unfolding dramatic action, masterly placing of the oases of lyrical reflection. Here, all are cherished.

Textures are briskly clarified, rhythms and verbal accents sharply pointed. Lightness is always the aim. And yet, in contrast to other recent Bach Passion recordings on "period" instruments and with small choral forces, the danger of miniaturising the music, of rendering it precious, denatured, detached from communal-celebratory context, is completely avoided. The degree of reverberance in the Philips recording – it was made in the Vredenburg at Utrecht – may come at first as a surprise: but, since this aids the Netherlands Chamber Choir in maintaining a presence at once thrustful and musically sentient, clean in contrapuntal divisions and firm in overall mass, the sound-picture counts as part of the performance's strong, distinctive character.

Unfortunately, the quality of solo singing undermines it. Nico van der Meel, an unaffectedly intense Evangelist, and Kristin Sigmundsson, a robust, touchingly simple Jesus, both declaim the recitatives with an apt sense of Brüggen's larger dramatic purposes.

In the arias, however, the modest apparatus and technical skills of almost all the chosen soloists apart from the tenor, Christoph Prégardien, seem rather more exposed than might have been the case in a less "organic" interpretation – as the alto's is the first solo voice to be heard, and the one with the weightiest moments of lyrical expression, James Bowman's frayed countertenor tones and bumpy line are here exposed to the point of unkindness. This, then, may not be a "complete" *St John Passion* – has there ever been one? – but it is nonetheless quite extraordinarily exciting, gripping, affecting.

Brüggen's two previous Philips recordings of Haydn symphonies (nos 86 and 88; nos 101 and 103) have given me enormous pleasure. His third – a coupling of the "Military" and the "London", two of the most elating of all symphonic constructions – do no less. This is the work of an "interventionist" Haydn conductor, one who brings a peculiar combination of robustness and vivacity to "period" performance, most telling in matters of timing, attack and instrumental timbre. In the past I have occasionally found his enthusiasm for detail overdone (though always excusable); but of these works, with their tremendously grand, buoyant and above all *surprising* finales, Brüggen's command and control seem to me faultless, unarguable on its own terms.

The merits of his Haydn conducting, clear enough, become doubly emphasised by the appearance of the second issue in the complete Haydn symphony series currently being undertaken by Christopher Hogwood and his Academy of Ancient Music. Volume 2 roughly covers the period 1760-3; as the Haydn scholar Robbins Landon has written, "if these early symphonies were all that were known of Haydn, his name would be no more illustrious today than those of d'Ordoñez or Hofmann or Michael Haydn" – predecessors in the great Austrian symphonic exploration of the middle 1700s from whom Haydn particularly learned.

That said, there are bounteous delights to be sampled here, constant illuminations small and large of the inventiveness with material, the muscular confidence and individuality of personality which Haydn (unlike Mozart) manifested early in his dealings with symphonic form. A general criticism of the Hogwood/ Academy readings is that they sound just that – readings, not fully-fledged performances. As such they are always neatly and musically made, tasteful and style-conscious in "period"-instrumental balance and tempo variation; as a library-shelf item the set will undoubtedly justify its existence. But Haydn, even early Haydn, really wants, and would undoubtedly reward, a lot more in the way of commitment.

Between the 'best of' and the boxed

***Phil Hardy** reviews the latest pop anthologies*

LURKING benevolently between the "Best Of", with its all the hits and nothing more philosophy, and the boxed set, with its detailed discography and emphasis on unreleased material, lies the anthology. Intended neither for the dabbler nor the completist, the anthology, if is to succeed, *has to find a way of bring* together rather more material by an artist than one would initially expect to find.

One way of doing this is to focus on an artist's career, including the interesting moments as well as the peaks. This is the strategy adopted by Motown for their Anthology series. Recent releases include double CDs devoted to *Marvin Gaye* (530-181-2), *The Four Tops* (530 190-2), *The Temptations* (530 184-2), *Diana Ross & the Supremes* (530 196-2). All follow the same path: they include virtually all the hits, early recordings and fillers from would-be "classy" albums made by Motown to show that its artists were as at home at the Copacabanna as the Apollo.

Take the Supremes. The first (non-hit) recordings are quite fascinating. They reveal a group with no identity veering from style to style, awaiting the tambourine and chord-driven rhythms and coy come-hither vocal pose of "Where Did Our Love Go" and "Baby Love". The hits are fine but the fillers are real fillers. No one needs the Supremes' version of "Funny How Times Slips Away" or The Temptations singing "Ole Man River". Nonetheless, although the general strategy backfires (unless like the Four Tops or Marvin Gaye, you have made very few clinkers) and confirms the view that Motown at its height was essentially a singles label, *since the 40-plus sets have hits* galore it is hard to complain too much.

Love may have been one of the seminal groups of the psychedelic era, but it certainly recorded a few clinkers in its time. There is none, however, on *Comes In Colours* (Raven RVCD 29). Culled largely from their first three albums the 24 track CD neatly catches the mysterious romanticism, terse, edgy druggy rhythms, hippie philosophising and lush string-laden productions that is as awesome today as it was a quarter of a century ago. This is the perfect introduction to Love. Enjoy it and you'll be bound to want their classic album, *Forever Changes*.

Also from Raven is *Warm Evenings, Pale Mornings, Bottled Blues* (RVCD 24) which charts the erratic but historically hugely important career of Gram Parsons, the man who forcibly yoked country and rock together without losing the heart of either. *Warm Evenings* collects together his early recordings with the Shilohs and International Submarine band, classic tracks from his short stay with the Byrds, his seminal works with the Flying Burrito Bros and a fine selection of his solo recordings. Not all the tracks are wholly satisfying but all are passionate, from the melancholy of "Hickory Wind" to the surreal mystery of "The New Soft Shoe". What makes the album so satisfying is that all the stages of Parsons' career are covered (and from five different record companies, no less). This is a true anthology.

"Satan Is Real" sang the Louvin Brothers a decade or so before Parsons recorded the remarkably similar "Sin City". Like Parsons, they dealt in unfashionable extremities – "Broadminded is spelt s,i,n"; "When I stop breathin', that's when I'll stop loving you" they sang in fierce, delicate harmonies. *Capitol Country Classics* (EMI 7 89271 2) collects together their finest recordings of the 1950s. Though the brothers had few hits, their intense harmonies and direct celebrations of the joys and sorrows of life were too old fashioned for the times, they were direct influences on the Everly Brothers "Love Hurts" and so entered the mainstream. They deserve to be better known.

Weighing in at 3 CDs and including its fair share of unreleased tracks, *Watching The Dark* (Hannibal HNCD 5303) is big but essential. Its subject is Richard Thompson, who from the 1960s and Fairport Convention to the 1990s and a solo career that has won him cult status, has sung and played about pain and trouble with an incisiveness only seen elsewhere in the work of Neil Young. Touching on every stage of his recording career *The Dark* reveals a powerful songwriter and performer whose generally bitter view of life is relieved by a caustic wit and an enthralling guitar style. Not for the wearers of rose-tinted spectacles.

Richard Thompson's 'Watching the Dark' reveals a powerful performer with a caustic wit

TELEVISION

SATURDAY

BBC1

7.00 Ceefax Pages. 7.25 News. 7.30 Pinocchio. 7.50 The All New Popeye Show. 8.10 The Girl From Tomorrow. 8.35 Potsworth and Co. 9.00 Parallel 9. 10.55 Cartoon. 11.05 Film: *Sherlock Holmes and the Baskerville Curse.*

12.12 **Weather.**
12.15 **FA Cup Final Grandstand.** Introduced by Desmond Lynam from Wembley. The BBC makes the most of its exclusive terrestrial rights to English soccer's showpiece, packaging 90 minutes of action between three-and-a-half hours of guff which starts at 12.20 with Team News. 12.30 Final build-up: A look back at how Arsenal and Sheffield Wednesday reached this year's FA Cup Final. 1.00 News. 1.05 Gary Lineker: A report on the progress of the former England striker playing in Japan. 1.15 Cup build-up: The teams inspect the pitch. 2.00 The F and A of the Cup Final: The eventful careers of Trevor Francis and Tony Adams. 2.20 Meet the Teams. 2.35 Pre-match build-up: The teams assemble on the pitch. 3.00 FA Cup Final: Live coverage of the match.
5.25 **Droopy Triple Bill.** Cartoon.
5.50 **News.**
6.00 **Regional News and Sport.**
6.05 **Jim'll Fix It.** A six-year-old Liverpool boy with learning difficulties receives dolphin therapy in Florida, and a young girl from Ealing learns to shoe horses.
6.40 **The Main Event.** The Dennis family, helped by impressionists Mike Osman, Maddi Cryer and George Marshall, takes on the Rubinsteins, aided by cooks Gary Rhodes, Cheryl Baker and Glyn Christian.
7.30 **Birds of a Feather.** Sharon (Pauline Quirke) wants to use Darryl's vote in the Chigwell by-election.
8.00 **Eurovision Song Contest 1993.** Terry Wogan commentates on the 38th annual music event live from Millstreet in Co Cork, Ireland. Artists from 25 countries will be competing for the title, including Sonia who will be performing the UK entry, Better the Devil You Know. Three hours of pure enjoyment.
11.00 **News and Sport; Weather.**
11.20 **FA Cup Final Highlights.** Arsenal v Sheffield Wednesday at Wembley.
12.30 **Film: The Pit and the Pendulum.** Roger Corman version of Poe's tale of terror. Vincent Price goes over the top as a 16th century nobleman who takes revenge when his unfaithful wife and her lover try to drive him mad. (1961).
1.50 **Weather.**
1.55 **Close.**

BBC2

6.40 Open University.

3.00 **The Hoosegow.** Laurel and Hardy star as hapless convicts.
3.20 **Film: A Man for All Seasons.** Beware: this is the second film of Robert Bolt's play. Charlton Heston wanted the role of Thomas More in the 1966 version but Paul Schofield got the part. So he made his own version for TV and directs and stars. John Gielgud and Vanessa Redgrave are also in the cast. (TVM 1988).
5.45 **Late Again.** Highlights from this week's editions of The Late Show.
6.35 **Scrutiny.** The work of the House of Commons Select Committees.
7.05 **News and Sport; Weather.**
7.20 **Nul Points.** The history of the Eurovision Song Contest, from its inception in 1956 to the present day. With contributions from Bucks Fizz, John Peel and Michael Ball, and performances by Abba, Sandie Shaw and Cliff Richard. Shown previously as part of the TV Hell night.
8.00 **Fight Again.** New series. Novelist and award-winning columnist Roy Hattersley MP gives a personal and critical account of Labour Party events, from his time in the Wilson and Callaghan governments, to the two election defeats under Neil Kinnock. In the first programme, he traces the development of his convictions, which began during his boyhood in Sheffield and reached fruition when he became a Cabinet minister under James Callaghan.
8.30 **Have I Got News for You.** More Roy Hattersley as he and actress Meera Syal join Ian Hislop and Paul Merton in a repeat showing of Friday night's broadcast of the news quiz.
9.00 **The Second Heimat: A New Generation.** Hermann takes a holiday job in Sylt and Helga returns home after she is caught rioting in Munich. Edgar Reitz's epic rolls majestically on. Starring Noemi Steuer and Henry Arnold.(English subtitles).
11.00 **Film: The Duellists.** Ridley Scott moved from directing advertisments to directing films with this eyecatching adaptation of a Conrad short story. Harvey Keitel and Keith Carradine are the rival Napoleonic officers who duel again and again. More beautiful than exciting. With Albert Finney and Edward Fox (1977).
12.45 **Close.**

LWT

8.00 GMTV. 9.25 Gimme 5. 11.30 The ITV Chart Show. 12.30 pm Movies, Movies, Movies.

1.00 **ITN News; Weather.**
1.05 **London Today.; Weather.**
1.10 **Wanted Dead or Alive.** Josh Randall is assigned to protect a man whose life is threatened by a group of escaped convicts.
1.40 ***Film: The Dambusters.*** Rousing World War Two adventure, with Michael Redgrave as a scientist planning to blow up the Ruhr dams in Germany (1954).
3.55 **WCW Worldwide Wrestling.** Action from the canvas ring.
4.40 **ITN News and Results; Weather.**
5.00 ***London Today and Sport;*** **Weather.**
5.10 **MacGyver.** Searching the forest for a fallen satellite, MacGyver discovers the wildlife in the area has mysteriously died - leading to a showdown with the scientist responsible.
6.00 ***The Brian Conley Show.*** New series. Music and comedy with guests Fern Britton, John Sachs and Larry the Loafer.
6.30 **Film: Police Academy III: Back in Training.** Formula comedy, starring Steve Guttenberg and Bubba Smith. The training school faces closure - until its newest recruits leap into action (1986).
8.00 **The Bill.** Roach's chequered past catches up with him. Will Burnside come to his rescue?
8.30 **London's Burning.** Josie risks her life to save an OAP who has fallen victim to a vicious arson attack. Meanwhile, Tate faces a disciplinary charge. Drama, starring Katharine Rogers and James Marcus.
9.30 **The Big Fight - Live!** Chris Eubank v Ray Close. Eubank makes the seventh defence of his WBO super-middleweight title against Belfast's Ray Close.
10.15 **ITN News; Weather.**
10.30 **London Weather.**
10.35 **Film: Homeboy.** Boxing melodrama, starring Mickey Rourke as a down-on-his-luck fighter given one last chance to make the big time - even though it could endanger his life. Punch drunk. (1988).
12.40 **291 Club.**
1.40 **The Big E.**
2.40 **Get Stuffed; ITN News Headlines.**
2.45 **Basketball.**
3.45 **New Music.**
4.45 **BPM; Night Shift.**

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Wise Men. 12.15 pm Sign On; Passport without a Country. 12.45 Kasak.

1.15 **Film: The Belle of New York.** A Fred Astaire double bill starts with one of his lesser works. He stars as a playboy who falls for a young woman from the Salvation Army. Musical, with Vera Ellen and Marjorie Main (1952).
2.40 **Film: Silk Stockings.** Vintage Astaire. Musical adaptation of *Ninotchka*. A Russian composer agrees to write material for a Hollywood film. Starring Cyd Charisse, Peter Lorre and the songs of Cole Porter (1957).
4.50 **Sumodo.** Silent film about sumo wrestling.
5.05 **Brookside.**
6.30 **Right to Reply.** Sheena McDonald introduces reports and ideas about TV; News and Weather
7.00 **A Week in Politics.** Vincent Hanna looks at the week's political news.
8.00 **Adventures.** Part two. The conclusion of the eight-month expedition across the Antarctic, attempted by a determined team of international explorers who drove their sledge dogs through the freezing snow and biting winds to complete one of the most gruelling journeys on Earth.
9.00 **The Beiderbecke Tapes.** A repeat of the second of Alan Plater's comic Yorkshire conspiracies follows hard on the Beiderbecke Affair. Jill and Trevor are investigated by the secret service as a potential threat to national security - all because Trevor wants a complete set of tapes by jazz musician Bix Beiderbecke. Starring James Bolam and Barbara Flynn.
10.30 **Drop the Dead Donkey.** Helen refuses to name her sources of information about the Government, and Damien is disgusted when Gus won't allow him to present his report on prostitution. Newsroom satire, starring Ingrid Lacey and Robert Duncan. Repeat.
11.05 **Film: La Lectrice.** Clever comedy about a woman who earns her living reading to people. Starring Miou-Miou (1988).
12.55 **Wise Men.**
1.10 **Evening Shade.**
1.45 **The Harp in the South.**
2.40 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 1.10 Cartoon Time. 1.25 Worldwide Wrestling. 2.05 The A-Team. 3.00 The Strongest Man in the World. (1975) 5.00 Anglia News and Sport

CENTRAL:
1.05 Central News 1.10 Nigel Mansell's IndyCar '93. 1.40 Wheels in Sport. 2.10 Donald Loves Daisy. 3.00 The A-Team. 5.00 Central News

CHANNEL:
6.00 GMTV. 9.25 Gimme 5. 11.30 The ITV Chart Show. 12.30 The Munsters Today. 1.00 ITN News 1.05 Channel Diary. 1.10 Nigel Mansell's IndyCar '93. 1.40 The Dambusters. 2.10 The A-Team. 3.55 WCW Worldwide Wrestling. 4.40 ITN News and Results 5.00 Channel News. 5.05 Puffin's Pla(i)ce. 5.10 MacGyver. 6.00 The Brian Conley Show. 6.30 Police Academy III: Back in Training. (1986) 8.00 *The Bill. 8.30 London's Burning. 9.30 The Big Fight - Live!* 10.15 ITN News 10.35 Homeboy. (1988)

GRAMPIAN:
1.05 Grampian Headlines 1.10 Telefios. 1.40 Am Faasch. 2.10 Tomas Toiteach 'S A Charaidean. 2.15 Cuirm Cloinne. 2.20 Police News. 2.25 Get Wet. 2.55 Dambusters! 3.25 Nigel Mansell's IndyCar '93. 5.00 Grampian Headlines 5.05 Grampian News Review. 10.30 Grampian Weather.

GRANADA:
1.05 Granada News 1.10 Spanish Goals Extra. 1.30 Cartoon Time. 3.55 Superstars of Wrestling. 5.00 Granada News

HTV:
1.05 HTV News. 1.10 Nigel Mansell's IndyCar '93. 1.40 Two Kinds of Love. (TVM 1983) 3.30 Porky Pig. 3.40 International Duathlon. 5.00 HTV News. 10.30 HTV Weather.

HTV Wales as HTV except:
3.40 Celtic Challenge.

MERIDIAN:
12.30 The Munsters Today. 1.05 Meridian News. 1.10 Nigel Mansell's IndyCar '93. 2.10 The A-Team. 5.00 Meridian News.

SCOTTISH:
1.05 Scotland Today. 1.10 Telefios. 1.40 The Scottish Youth Debate. 2.40 Pop Profile. 3.00 The Castaway Cowboy. (1974) 5.00 Scotsport Results. 5.15 The Box. 5.30 Scotland Today 5.45 Cartoon Time. 9.30 Scotsport Special: World Championship Boxing. 10.30 Scottish Weather. 10.35 Scotsport Special: World Championship Boxing. 11.35 Homeboy. (1988)

TYNE TEES:
1.05 Tyne Tees News. 1.10 For Real. 3.55 McCloud: The Gang That Stole Manhattan. 5.00 Tyne Tees Saturday

WESTCOUNTRY:
1.05 Westcountry Weekend Latest. 1.10 The Black Hole. (1979) 3.05 Porky Pig. 3.15 Baywatch. 4.10 Nigel Mansell's IndyCar '93. 5.00 Westcountry Weekend Latest.

YORKSHIRE:
1.05 Calendar News. 1.10 For Real. 3.55 McCloud: The Gang That Stole Manhattan. 5.00 Calendar News.

S4C Wales as Channel 4 except:-
7.00 *Early Morning.* 12.45 The Wonder Years. 1.15 The Belle of New York. (1952) 2.40 Cwpan FA Lloegr 1993. 6.30 The Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.20 Hwyl Y Noson Lawen. 7.50 Yn Dy Ddwble. 8.20 F Scott Fitzgerald and the Last of the Belles. (1974) 10.05 Europe Express.

SUNDAY

BBC1

7.00 Ceefax Pages. 7.30 Wiz Bang. 7.40 Charlie Chalk. 7.55 Playdays. 8.15 Breakfast with Frost. 9.15 In Touch with Healing. 9.30 This is the Day goes Coast to Coast. 10.00 See Hear! 10.30 Deutschland Heute. 10.45 Italianissimo. 11.00 Work is a Four-Letter Word. 11.30 Business Matters.

12.00 **A Cook's Tour of France.** Mireille Johnston visits Burgundy.
12.30 **CountryFile.** Agricultural and environmental news.
12.55 ***Weather for the Week Ahead.***
1.00 **News.**
1.03 **On the Record.** Analysis of political events.
2.00 **EastEnders.**
3.00 **Film: Ocean's Eleven.** Rat-pack comedy, with Frank Sinatra, Sammy Davis Jnr and Dean Martin playing *thieves out to rob five Las Vegas* casinos (1960).
5.00 **Tom and Jerry's Greatest Hits.**
5.25 **Masterchef.** Daily Telegraph editor Max Hastings and restaurateur Prue Leith join Loyd Grossman.
6.00 **News; Weather.**
6.15 **Songs of Praise.** Sally Magnusson *introduces a special edition from* RAF Scampton in Lincolnshire, to commemorate the 50th anniversary of the Dambusters bombing raid.
7.00 **Last of the Summer Wine.** Howard worries his wife will discover his infidelity when he finds one of Marina's ear-rings caught up in the wool of his sweater. Can the mischievous trio come to his rescue?
7.30 **The Inspector Alleyn Mysteries.** In the final programme of the series, Patrick Malahide as Chief Insp Alleyn enlists the help of a friend to track down a blackmailer among the debutantes and chaperones of the London social scene. But the case becomes more personal for the well-heeled detective when his ally is murdered.
9.10 **A Year in Provence.** John Thaw and Lindsay Duncan star in the last episode of the light-hearted drama.
9.45 **News; Weather.**
10.00 ***Mastermind.***
10.35 **Everyman.** A report on the civil war in the former Yugoslavia as seen through the eyes of two families from different ethnic backgrounds - one Serbian and the other Albanian Muslim.
11.25 **Time of Her Life.** The problems faced by women going through the *menopause. Does this change* mean the end of sex or the start of a new phase in life?
11.55 **Seabrook's Year.** The spring-time work of a shepherd.
12.25 **Weather.**
12.30 **Close.**

BBC2

6.15 Open University. 9.10 Thundercats. 9.30 Jonny Briggs. 9.45 The Movie Game. 10.10 Rugrats. 10.35 Grange Hill. 11.00 Blue Peter Omnibus. 11.50 The O Zone. 12.00 Around Westminster.

12.30 **Sunday Grandstand.** Introduced by Dougie Donnelly, and featuring coverage throughout the afternoon of the homecoming of yesterday's FA Cup winners. Including at 12.35 Cricket: Coverage of Somerset v *Lancashire in the new-look Sunday* League. 1.00 Motorcycling: First round of the Supercup from Oulton Park. Commentary by Barry Nutley and Roger Burnett. 1.30 Motor Racing: British Touring Car Championship from Snetterton. Murray Walker commentates on the third round. *1.50 Cricket: Continued coverage.* 2.40 Motorcycling: Continued. 3.05 Women's Hockey: Ealing v Leicester in the AEWHA Cup final from Milton Keynes. 3.45 Cricket. 4.10 Motorcycling. 5.25 Cricket. Times may vary.
6.30 **Wildlife on Two.** The wildlife of an oasis in the Sahara, an area of fertile irrigated land in a vast desert, where marsh frogs, sparrows and venomous horned vipers flourish.
7.00 **The Money Programme.** BBC economics editor Peter Jay presents a special report from Germany as the country faces increasing economic decline due to high labour and living costs. Has unification jeopardised the country's pre-eminence in the European community?
7.40 **The Nineties.** The last programme in the series looks at attitudes to mourning during the Victorian era.
8.20 **Confessions.** As an introduction to the Crime and Punishment season, *seven people discuss their experi*ences of Britain's beleaguered judiciary.
8.30 **Inside the Wig.** Documentary looking at the selection and training of judges.
9.15 **Rumpole of the Bailey.** Author John Mortimer continues the Crime *and Punishment season as he intro*duces the first TV appearance of his most famous creation, the ageing junior barrister with a taste for claret and crime. Rumpole (Leo McKern) defends a teenager against a seemingly watertight charge of attempted murder, while trying to ease relations with his wife.
10.20 **Film: The Accused.** Jodie Foster gives an Oscar-winning performance in this true story about a waitress who is gang-raped in a small-town bar (1988).
12.10 **Close.**

LWT

6.00 GMTV. 9.25 Heidi. 9.50 The New Adventures of Black Beauty. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 This Sunday. 12.30 pm Crosstalk; London Weather.

1.00 **ITN News; Weather.**
1.10 **The Sunday Supplement.** New series. Edwina Currie presents a live debate on issues raised in this week's Sunday People. Ex-Spurs striker Garth Crooks reviews the sports pages.
2.00 **Mistral's Daughter.** Two-part mini-series, starring Stefanie Powers as a young Jewish girl who runs away from home to become an artist's model in 1920s Paris. Based on the novel by Judith Krantz.
5.15 **Gardening Roadshow.** Jeni Barnett and experts tour Nanette Newman and Bryan Forbes' woodland garden.
6.00 **London Tonight; Weather.**
6.20 **ITN News; Weather.**
6.30 **Watching.**
7.00 **Surprise, Surprise.** Henry Cooper, Bobby Davro and John Fashanu help more dreams come true.
8.00 **Heartbeat.** An Army deserter causes problems for Nick and Kate when he hides out on the moors.
9.00 **Jeeves and Wooster.** Hugh Laurie returns as hapless playboy Bertie Wooster, with Stephen Fry as his ever-resourceful butler. Travelling to the glittering metropolis of New York to escape the fearsome Aunt Agatha, Bertie soon finds himself in trouble when he meets his wayward cousins - and is left holding the baby.
10.00 **Aspel and Company.** Hollywood superstars Arnold Schwarzenegger, *Sylvester Stallone, Bruce Willis and* Demi Moore line up to tell Michael Aspel about their involvement in the restaurant chain Planet Hollywood.
10.45 **Spitting Image.** Politicians and celebrities beware as the latex puppets return.
11.15 **ITN News; Weather.**
11.30 **London Weather.**
11.35 **Faith and Music.** A profile of former Black Sabbath singer Ozzy Osbourne, one-time drug-taking hell-raiser whose alleged links with Satanic rituals added to his reputation as the wild man of heavy metal.
12.05 **Cue the Music.**
1.05 **Bachelors - Confirmed.; ITN News Headlines.**
2.05 **TXT.**
2.55 **European Life. Get Stuffed; ITN News Headlines.**
3.30 **Snooker.**

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Lone Ranger. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

12.40 **Film: White Feather.** Robert Wagner plays a cavalry officer who persuades Indians to leave a reservation about to be invaded by gold prospectors. Western, with Jeffrey Hunter, Debra Paget and John Lund (1955).
2.35 **Else.** Short film about rural life.
2.45 **Football Italia.** Live action between AC Milan and Roma.
5.00 **The Extinct World of Gloves.** Puppet animation.
5.25 **News Summary.**
5.30 **The Next Big Thing.** Real-life rock 'n' roll soap opera following the for*tunes of FMB, a young indie band* from Stoke Newington, as try to break into the music business.
6.00 **Moviewatch.** Reviews of I Was On Mars and Nowhere to Run, plus an interview with Oscar-winning actress Marisa Tomei.
6.30 **The Wonder Years.**
7.00 **Wild India.** An exploration of the rich variety of Indian wildlife, beginning with a visit to a Rajashtan temple where live rats are worshipped, a look at the ceremonial role of elephants in the South, and a journey to Bengal where more than a million baby turtles hatch in one night.
8.00 **The Long Summer.** Alan Bennett examines how Britain developed between the wars, using information from oral history, war records and rare archive film. The opening programme looks at the way World War One traumatised the country and encouraged the growth of the suburbs as a reaction to the horror of *the trenches.*
8.30 **Streetlegal.**
9.00 **Film: Moscow on the Hudson.** Robin Williams stars in this comedy about a Russian saxophonist who defects to America (1984).
11.15 **Red Empire.** Eyewitnesses to key events in the Soviet Union during World War Two describe the occupation of their cities and the battles they fought. They also recall the persecution of races such as the Crimean Tatars, who were accused by Stalin of collaboration with the Germans.
12.20 **Film: La plage des Enfants Perdu.** A pregnant woman kills her lover *and is imprisoned by her father,* who wishes to avoid a social scandal. Bizarre melodrama, starring Souad Ferhati and Mohamed Timod (1991). (English subtitles).
1.55 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
9.25 Bugs Bunny's 1001 Rabbit Tales. 10.05 Cartoon Time. 12.30 Countrywide. 12.55 Anglia News. 2.00 Faith and Music. 2.30 Cartoon Time. 2.45 The Dambusters. 5.15 The Dambusters. (1954) 5.15 Cartoon Time. 5.30 Bullseye. 6.00 Anglia News on Sunday. 11.30 Local Weather. 11.35 It's A Living.

CENTRAL:
9.25 Bugs Bunny's 1001 Rabbit Tales. 10.05 Cartoon Time. 12.30 Central Newsweek. 12.55 Central News 2.00 Tale 15. 2.15 The Dambusters. (1954) 4.45 The Central Match - Live. 5.05 Wanted Dead or Alive. 5.30 Highway to Heaven. 6.15 Central News 11.30 Local Weather.

GRAMPIAN:
9.25 Bugs Bunny's 1001 Rabbit Tales. 10.05 Cartoon Time. 10.45 Link. 12.30 Gardener's Diary. 12.55 Sunday Service. Grampian Headlines. 2.00 Cartoon Time. 2.30 The Dambusters. (1954) 4.50 Cartoon Time. 5.00 Scotsport. 5.30 Grampian Headlines 6.05 Elkon. 11.30 Grampian Weather.

GRANADA:
9.25 Pippi Longstocking. 12.25 Chalte, Chalte. 12.55 Granada News 2.00 The Granada Match - Live. 4.45 Coronation Street. 5.45 Strictly Classified. 6.15 Granada News

HTV:
9.25 A Mother's Courage: The Mary Thomas Story. 12.25 HTV News. 12.30 HTV Newsweek. 2.00 Faith and Music. 2.30 The Dambusters. (1954) 4.45 The Dambusters. 5.15 Superstars of Wrestling. 6.05 Bugs Bunny. 6.15 HTV News. 11.30 HTV Weather. 11.35 Brewhouse Jazz.

MERIDIAN:
9.25 Bugs Bunny's 1001 Rabbit Tales. 10.05 Cartoon Time. 12.30 Meridian This Week. 12.50 Meridian News. 2.00 Faith and Music. 2.30 The *Dambusters.* (1954) 4.50 Life Goes On. 5.45 Fit to Win. 6.15 Meridian News. 11.30 Twice in a Lifetime. (1985)

SCOTTISH:
9.25 The Littlest Hobo. 9.50 Highway to Heaven. 10.45 Wemyss Bay 902101. 11.30 Link. 11.45 Sunday Service. 12.30 The Dambusters. 12.55 Scotland Today. 2.00 Conference Report. 2.30 The Dambusters. (1954) 4.50 Cartoon. 5.00 Scotsport. 6.00 Scotland Today 6.05 Elkon. 11.35 This Sunday.

TYNE TEES:
9.25 Parent Trap IV: Hawaiian Honeymoon. 10.15 The New Adventures of Black Beauty. 12.25 The Littlest Hobo. 12.50 Tyne Tees Newsweek. 2.00 Faith and Music. 2.30 Perfect Gentlemen. (TVM 1978) 4.25 Life Goes On. 5.20 The Dambusters. 6.50 Tyne Tees Weekend. 11.30 Local Weather. 11.35 The Trials of Rosie O'Neill.

WESTCOUNTRY:
9.25 Bugs Bunny's 1001 Rabbit Tales. 10.05 Cartoon Time. 12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 2.00 Faith and Music. 2.30 The Dambusters. (1954) 4.45 The Dambusters. 5.15 Brief Encounters. 5.45 Heart of the Country. 6.15 Westcountry Weekend Latest. 11.35 Married - With Children.

YORKSHIRE:
9.25 Parent Trap IV: Hawaiian Honeymoon. 10.15 The New Adventures of Black Beauty. 12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Faith and Music. 2.30 Perfect Gentlemen. (TVM 1978) 4.20 Life Goes On. 5.20 The Dambusters. 5.50 Calendar and Weather 11.30 Local Weather. 11.35 The Trials of Rosie O'Neill.

RADIO

SATURDAY

BBC RADIO 2
8.00 Barbara Sturgeon.
8.05 Brian Matthew.
10.00 Anne Robinson.
12.00 Hayes on Saturday.
1.30 The News Huddlines.
2.00 Ronnie Hilton.
3.00 Steve Race.
4.00 Eve Pollard.
5.00 Cinema 2.
5.30 New Country.
6.00 Katie's Eurovision.
7.00 Edmundo Ros.
7.30 David Jacobs.
8.00 Eurovision Song Contest.
11.00 Martin Kelner.
1.00 John Terrett.
4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University: Women in 16th century Europe - A Life Apart. 6.55 Weather.
7.00 Record Review. Dvorak, Milhaud, Bach, Diabelli, *Beethoven, Sibelius, Grieg.*
1.00 News.
1.05 Schubert's Piano Sonatas.
3.00 Leonard Bernstein. Paul Ben-Haim and Bloch.
5.00 Jazz Record Requests.
5.45 Third Opinion. A look at an exhibition of 20th century American art in Berlin.
6.30 Malipiero. String Quartet No 1, Rispetti e Strambotti.
6.55 Ariodante. Handel's opera of love and jealousy, in David Alden's new production for English National Opera, live from the Coliseum in London.
11.00 Impressions. With musicians currently performing *in the first London Jazz* Festival. 12.30 News.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway. Travel tips.
10.00 Loose Ends.
11.00 Week in Westminster.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071 580 4444. Listeners' calls on issues raised in Any Questions?
2.30 Playhouse. Runaway, by Michael Wall.
4.00 *Ice Cream to Eskimos.* The moment of truth arrives for the two advertising agencies.
4.30 Science Now.
5.00 The Living World. Lionel Kelleway explores the urban wastes of Liverpool.
5.25 Tea Junction.
6.00 News and Sports.
6.25 Week Ending.
6.50 Ad Lib. Robert Robinson talks to workers at Billingsgate.
7.20 Kaleidoscope. Paul Allen interviews Victoria Wood.
7.50 Saturday Night Theatre. Seven Foot with a Wooden Leg, by Peter King.
9.20 Music in Mind.
9.50 Ten to Ten. A reading, a hymn and a reflection.
10.00 News.
10.15 Trivia Test Match. Tim Rice, Willie Rushton, William Franklyn and Paul Merton.
10.45 Nobody's Perfect. Bank managers discuss their role in public life.
11.00 Richard Baker Compares Notes. With pianist Peter Katin.
11.30 Dracula. The six companions resolve to put an end to the evil Count.
12.00 News.
12.33 Shipping Forecast.

BBC RADIO 5
6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 Get Set.
10.30 Hopalong Cassidy.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.06 Six-O-Six.
7.30 Afropop Worldwide.
8.30 La Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 The Way Out.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT: *6.00 News. 6.30 Europe Today.* 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 People and Politics. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Round-up. 11.00 News Summary; Printer's Devil; Letter From America. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; Words of Faith; Multitrack 3. 1.45 Sports Round-up. 2.00 Newshour. 3.00 Sportsworld. 3.45 News. *3.50 Sportsworld continued.* 5.00 News; Sportsworld continued. 6.00 BBC English. 6.30 Heute Aktuell: News in German. 7.05 German Features. 8.00 News Summary; Desire, Danger And The Devil. 8.45 From The Weeklies. 9.00 News; Words of Faith; Personal View. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain; Jazz For The Asking. 11.45 Sports Round-up. 12.00 News; Words of Faith; Book Choice; A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play *of the Week: The Ascent Of* Rum Doodle. 3.00 Newsdesk. 3.30 The Language of Flowers. 4.00 News; News About Britain. 4.15 Sports Round-up. 4.30 BBC English.

SUNDAY

BBC RADIO 2
7.00 Don Maclean.
9.05 John Sachs.
10.30 Hayes on Sunday.
12.00 Desmond Carrington.
2.00 Benny Green.
3.00 Alan Dell.
4.00 Radio 2 Young Musician 1993.
4.30 Sing Something Simple.
5.00 Roger Royle.
7.00 Richard Baker.
8.30 Sunday Half Hour.
9.00 Alan Keith.
10.00 Arts Programme.
12.05 John Terrett.
3.00 Alex Lester.

BBC RADIO 3
6.35 Open University: Assignment 103. 6.55 Weather.
7.00 BBC SO in Japan. Rakhmaninov and Berlioz.
9.10 News. 9.15 Brian Kay's Sunday Morning. Albinoni, Sullivan, Bach orch Elgar, Trad, Bach, Balfe, Strauss, Liszt, *Mozart, Brahms, Tchaikovsky.*
12.00 Spirit of the Age.
1.00 News. 1.05 Table Talk in the Sixties.
1.20 BBC Welsh SO. Sibelius, Chopin, Elgar.
2.55 Emerson Quartet. Schubert, Haydn, Bartok.
4.25 Early Music from Regensburg. Bach.
5.50 BBC Scottish SO. Szymanski and Lutoslawski.
6.30 Piano Trios. Haydn and Nicholas Maw.
7.30 Sunday Play. Early Morning, by Edward Bond.
9.30 London Symphony Orchestra. Sibelius and Mahler.
11.20 Music in Our Time. Improvisation group AMM.
12.30 News. 12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 The Living World.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Jill Dando.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial.
3.30 Sweat and Inspiration, 19th century engineering feats.
4.00 Analysis. What authority do government ministers have?
4.47 Treasure Islands. The impact of Dorling Kindersley on publishing.
5.00 A Journal of a Tour to the Hebrides.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 The Village.
6.30 Wilko's Spain. Tony Wilkinson spends a week with the Madrid section of Spain's socialist newspaper, *El Pais.*
7.00 In Business. The impact of the communications explosion.
7.30 Bookshelf.
8.00 The Prospect of Hanging.
8.30 Reading Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Ten Years in Conflict.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 Close.

BBC RADIO 5
6.00 World Service.
6.30 Weekend Edition.
9.30 The Spring Queen.
10.00 Johnnie Walker.
11.30 One Day in the Life.
12.10 Education Matters.
12.40 Open Forum.
1.00 Sunday Sport.
7.20 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT: 6.00 Newshour. 7.00 News; News About Britain; Printer's Devil. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent. 9.00 News; Words of Faith; Classics With Kay. 10.00 News; Business Review. 10.15 Short Story: Samuel's Story. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News; Science in Action. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 News. 12.30 The Ken Bruce Show; News. 1.00 Play of the Week: The Ascent of Rum Doodle. 2.00 Newshour. 3.00 News; Cold Comfort. 3.30 Anything Goes. 4.00 News; BBC English. 4.30 News And Features In German. 5.00 News; News About Britain; The Language Of Flowers. 5.45 Letter From America. 6.00 BBC English. 6.30 News And Features In German. 8.00 Classic Recordings. 8.30 Europe Today. 9.00 News; Words of Faith; Folk Routes. 9.30 Brain of Britain. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Short Story: Samuel's Story. 11.30 Letter From America. 11.45 Sports Round-up. 12.00 News; Business Review; Classics With Kay. 1.00 News. 1.30 In Praise Of God. 2.00 News; Desire, Danger and the Devil. 2.45 World Bandstand. 3.00 News. 3.30 Composer Of The Month: Hector Berlioz. 4.00 News; News About Britain. 4.15 Sports. 4.30 BBC English. 4.45 News And Press Review in German.

CHESS

CHESS HAS become so over-booked in recent years that keen amateurs who can spare only the odd evening for home study should specialise in offbeat lines. Ideally this means escaping from theory within two-four moves, when the advantage of playing on familiar territory outweighs the drawbacks of a slightly inferior variation.

The Philidor Defence 1 e4 e5 2 Nf3 d6 (instead of the usual Nc6) used to give horribly passive positions after 3 d4 Nd7 4 Bc4, but has been transformed by the newer systems 3 ... Nf6 4 Nc3 Nbd7 and 3 ... exd4 4 Nxd4 g6. Both lead to a game where White has serious chances to go wrong in club or weekend tournament play.

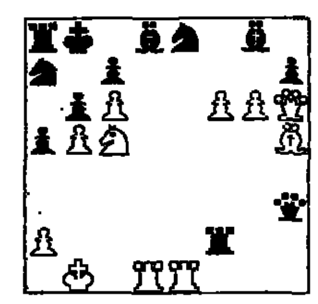
Tony Kosten's *Winning with the Philidor* (Batsford, £10.99) is a well-written guide by a UK grandmaster, and this week's game shows Black's potential (L Hazai-G Sax, Budapest 1971).

1 e4 e5 2 Nf3 d6 3 d4 exd4 4 Nxd4 g6 5 Nc3 Bg7 6 Bf4? This natural move is already a mistake. Kosten's book analyses 6 Be3 Nf6 7 Qd2 0-0 8 0-0-0 with lively attacks against the castled kings.

Nc6! 7 Nxc6 bxc6 8 Bc4 Rb8 9 Qc1? Now White's king is caught in the centre - 9 Bb3!

d5! 10 exd5 Rb4 11 Bb3 Qe7+ 12 Be3 Ba6 13 Qd2 Rd4 14 Qc1 Nf6 15 f3 Bh6 16 Kf2 Ng4+! 17 fxg4 Qf6+ 18 Kg1? Rd1+! 19 Resigns. Both 19 Nxd1 Qf1 and 19 Qxd1 Bxe3 are mate.

No 974



White mates in five moves, against any defence (by N Dollinger, 1806). A puzzle from long ago where White has to act fast before Black can mate by Bxa2+ and Qc3.

Solution Page XXI

Leonard Barden

BRIDGE

HERE are the answers to the bridge quiz. The winner gave the right answers to every question but a few competitors failed to score a point. Not all the questions were made up - the first hand was recently *played against me. South made* the wrong answer of 4♦ which resulted in failure to reach 6♣.

1. You hold ♠ - ♥ A K 5 ♦ K 4 3 ♣ A K 10 9 7 6 2.
Partner opens 1♠, you say 3♣, partner rebids 3♦. What do *you bid?*
Answer: 4♣.

2. You hold ♠ – ♥ – ♦ K Q J 9 7 4 2 ♣ K Q J 10 6 4.
What do you bid?
Answer: 5♦.

3. You hold ♠ 4 3 ♥ A Q 7 ♦ A K J 9 5 ♣ 10 8 3.
Partner opens 1♣, you say 1♦, partner says 1♠, you bid 2♥, partner 2♠, you bid 3NT, partner 4♦, what do you bid?
Answer: 6NT.

4. You hold ♠ A K 3 ♥ K J 10 2 ♦ A J 9 2 ♣ K 8.
You open 1♥, partner says 3♠. What do you bid?
Answer 3NT.

5. You hold ♠ 8 3 ♥ 4 ♦ J 6 5 ♣ A K Q J 9 8 6.
You open 3NT, partner says 4♦. What do you bid?
Answer 4♥.

6. You hold ♠ K Q 7 4 2 ♥ 10 9 ♦ 7 6 4 ♣ Q J 6.
Partner opens 1♥, you bid 1♠, partner 2♦. What do you bid?
Answer: 2♥.

7 You hold ♠ A Q J 10 8 4 ♥ – D K 6 C K J 10 9 4.
West opens 1♥, North and *East pass. What do you say?*
Answer 2♥.

8. You hold ♠ A K 8 6 3 ♥ 4 ♦ A ♣ K Q 10 8 7 2.
Partner opens 1♥. What do you bid?
Answer 2♣.

The winner is M J Sears, Barnet, Herts. Runners-up: J Mockford, I Hesslewood, J F Baker, Mrs Payne, A Ross (Canada), N S Smart, I Pagan, G Anderson, Mrs Fossey, J A Huikeshoven, D H Cameron, E F Bayden, Bill Townsend, E Wright, Dr Liver, P Arnott, N Anderson, J D Bullen, C G Richardson, C Vince.

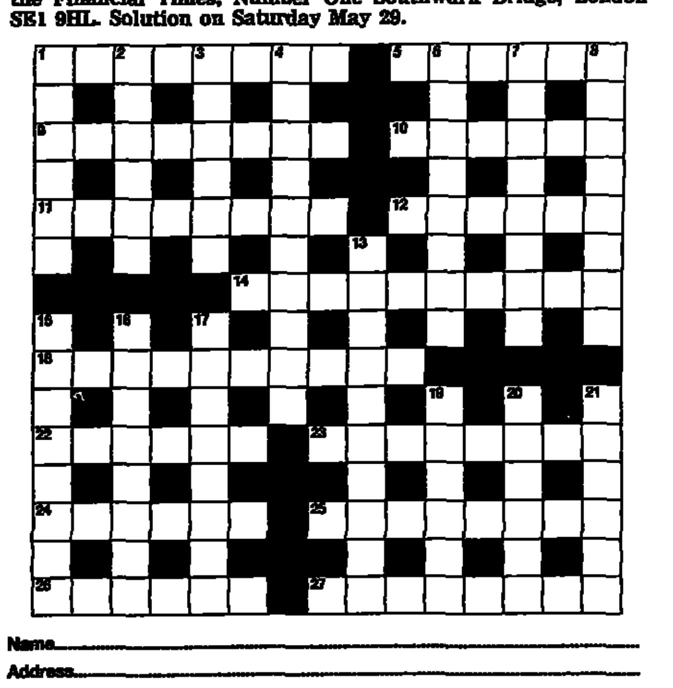
Thanks to the Computer Specialists for the first prize of the Pro Bridge 510, to Faber for *giving books to the runners-up,* and to *Bridge Plus* for processing entries and providing consolation vouchers. If you want a copy of *Bridge Plus* send 34p in stamps to Bridge Plus, Ryden Grange, Bisley, GU21 2TH.

E P C Cotter

CROSSWORD

No. *8,151* Set by *DINMUTZ*

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday May 26, marked Crossword 8,151 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 29.



Name..

Address..

ACROSS
1 A proposal in to consider a flying-boat (8)
5 Selected name for Japan (6)
9 A-C bridge, perhaps, that may restrict a singer (8)
10 A partsong in circulation? (6)
11 Austin, for example, long covered with gold? (8)
12 Pray for papal trip around the orient (6)
14 Bar at station where travellers must stop (10)
18 Stocktaker, being hot, pilfers wantonly (10)
22 Legendary sailor escaped outside (6)
23 Coffin, say, of a tobacco-user? (5-3)
24 General method of finding latitude (6)
25 This jazz effect is low, see! (4,4)
26 Enemy's routed by timeservers .... (3,3)
27 .... vision of what they say , taken in by boat-crew (8)

DOWN
1 Bustle about, scheming (6)
2 One will deliver a round, under pressure (3,3)
3 Casanova's role, cherished in part (6)
4 Turn in the dark? (5-5)
6 *Old measure of tar?* (8)
7 Relic of Caesar's first act in disagreeable surroundings (8)
8 Don returns to Italy, treated for lumpy condition (8)
13 Percy Lane's new Hollywood script (10)
15 Effectively leave no residue? (8)
16 Drinks at last? (8)
17 Exotic tea brewed – break off! (8)
19 Sweet commonly dished up faster (6)
20 *Wrecked* angle, we hear, of outside broadcast dragging (6)
21 Bar saving? (6)

Solution to Puzzle No.8,150

```
VOTIVE CLODPOLL
I E I   A E P E
CHASTE ASHPLANT
A P A O T O Q T
REALLIFE ENDURER
A R S F I E E R
GATE WINNING
E Y D C S T V S
POLEMIC GOAL
P S M R G S L U
URCHIN WHIPPING
B H N P T I T G
LOOSEBOX ARNICA
I O E S   I O R
CELERITY STONED
```

Solution and winners of Puzzle No.8,140

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HALFTIME WASHER
I I O O   D A E
COMMANDO BUNION
C E S I G M T E
UPSET SCRUBBING
P T   T U R   A
BONNIE BEACHED
K N A     T O E
ETERNAL POETRY
Y   N A R   S T
STORYLINE OPERA
T C G D C F P S
OPTION PITFALLS
N E A   S E A E
ESTATE DEFRAYAL
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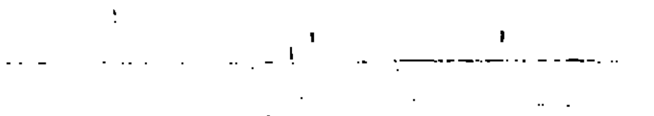
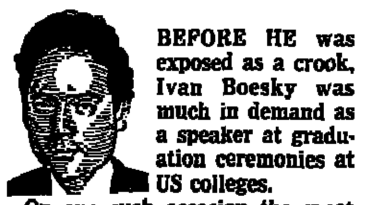
Alexander Leitch, Avoch, Ross-shire; Miss S.M.S. Jones, London W5; G. Nairn, Turin, *Italy*; J.T. O'Brien, Clifton, Bristol; G.D. Pickering, Glanmire, Co. Cork, Ireland; M. Rundle, Penn, Bucks.



Greed lives in the caring '90s

***Dominic Lawson** suggests a way to keep company executives under control*



BEFORE HE was exposed as a crook, Ivan Boesky was much in demand as a speaker at graduation ceremonies at US colleges.

On one such occasion the great share price manipulator proclaimed to his starry-eyed audience: "Greed is good." A film of this speech exists, and it shows the students clapping and cheering.

Perhaps a number of those students are now on the boards of unfortunate companies, busily profiting privately from the insight taught them by the future jailbird. We are often told, as if it were a fact of human evolution, that while the 1980s were the decade of greed and excess, the 1990s are a period of calm restored in the financial markets, of relative austerity. We are even told that, in Britain, John Major has ushered in a less grasping and divisive society, in contrast to the supposed excesses of unfettered Thatcherite capitalism.

The recent procession of company annual reports, and the details of executive pay revealed in them, shows that this view is a myth. While no manager in Britain can compete with the $127m (£82.4m) of salary and stock options realised last year by Thomas Frist of the Hospital Corporation of America, the gains have still been spectacular.

Over the past three years, according to the Institute of Management, the pay of the typical chief executive of Britain's larger companies has risen by 40 per cent. This at a time when the pay of the typical worker has risen at about a tenth of that rate, if indeed that typical worker has not been made typically redundant.

Many recent examples of executive excess affect those who are leaving companies in the hands of others: a whacking final year increase has a big impact on pension payments and ensures a scrumptious retirement package: few more scrumptious than that of Sir Anthony Tennant of Guinness who, after a five years service with the company, will be collecting a pension of £500,000 a year, including a top-up of £204,000 a year above his normal company entitlement. Guinness was certainly good for Sir Anthony, although Sir Anthony, it would be fair to add, was good for Guinness.

But what of Gerald Ronson? It transpired this week that bondholders in Ronson's Heron property group, which last year saw shareholders funds of £585m turned into a deficit of £328m, are asked to agree to pay Ronson £5m over the next five years, and to hand over 25 per cent of their stake in the company to Ronson and his managers, should they succeed in restoring the company's balance sheet.

When Ronson owned Heron it was perfectly proper for him to pay himself whatever he wanted. (As indeed,it now appears: the company paid £1.7m of the £5m Ronson was fined for fraud in the Guinness affair, when Ernest Saunders ran Britain's most generous drinks company). But now that Heron is in the hands of bankers, they are responsible for getting the best possible deal for their shareholders, rather than for the erstwhile owner of the insolvent client.

This, some other bondholders are arguing furiously, they failed to do. In this case the bankers are behaving rather like institutional investors in joint stock companies: cowardly or indifferent in the face of the demands of greedy and overpowering managers. As a result of this, some City reformers are suggesting that the pay of senior executives in public companies should be read out and put to the vote at annual general meetings.

It is argued that even if the institutional investors do not care, small shareholders might embarrass the executives with awkward questions. But the sort of chief executive who terrifies the remuneration committee is just the sort who would feel no embarrassment in front of ordinary shareholders: in fact he would positively thrive on the conflict.

I have an alternative remedy: that the chief executive's pay, whatever its base, should not increase in any given year by more than the average rate awarded to the company's workforce. After all, in a well-run company their increase, in aggregate, should reflect the company's performance, cash balances, and dividend obligations: why should not the chief executive's increase be subject to the same considerations? It is an extreme remedy, for a group which includes some extremely greedy people.

■ *Dominic Lawson is Editor of The Spectator.*

Private View/**Christian Tyler**

A million-dollar convert from Watergate

Chuck Colson, a former dirty tricks expert, explains what it's like to be born-again

A LIFE filled with irony and paradox is how Charles W. Colson, the former Watergate convict, describes his career. That is putting it mildly.

Prince Philip may not have appreciated the irony when at Buckingham Palace this week, on the very day the Royal bugging controversy re-erupted, he found himself presenting Richard Nixon's dirty-tricks expert with the largest cash prize in the world.

"Chuck" Colson received the Templeton Prize, whose previous winners include Mother Teresa, Billy Graham and Alexander Solzhenitsyn. He got a cheque for £650,000 – nearly $1m and bigger than any Nobel award – for advancing the world's understanding of God.

For Colson is born again. "It was 20 years ago this summer that I surrendered my life to Jesus Christ," he told me in his Claridges suite before going to the palace.

The former Special Counsel to the President, known as the hatchet man of the White House, was a scholarship boy, tough-guy marine corps infantry commander and high-earning Washington lawyer who played a prominent part in the intrigues that led to America's biggest political scandal and Nixon's resignation in 1974. "Colson has the balls of a brass monkey," was Nixon's approving comment.

Colson the hard man does not look as if he has gone soft. He is courteous but briskly efficient, loquacious but somewhat passionless. He talks about Jesus with embarrassing familiarity, like a loyal staffer referring to the boss.

Has Charles Colson really changed? Or has blind loyalty to Richard Nixon been transmuted into blind loyalty to Jesus Christ?

Washington hooted with laughter when Colson announced at the height of the White House scandal that he had found God. But friends do not doubt his sincerity and his record defies disbelief.

His is a butch Christianity. Colson served seven months in Maxwell federal prison camp in Montgomery, Alabama, for obstruction of justice and has been visiting prisons ever since. His foundation, Prison Fellowship, has become a worldwide charity which takes the Gospels to jailbirds and campaigns for better conditions.

Crime is the result of a moral vacuum, he said this week, and only religion can provide the morality. Liberals wrongly assumed that people were never depraved, only deprived, while conservatives mistakenly argued that force and fear were the real deterrents.

And here is the paradox. Colson was very strictly brought up, a nominal Episcopalian, in the puritanical tradition of Boston. His father, of Swedish descent and his mother, of English, "called themselves Christians in the same way the vast majority of Americans or Britons do.

"My dad used to tell me: 'Whatever you do, never lie.' If I had any distinction, dubious though it may be of going through Watergate, I was the only one of the major figures never charged with perjury."

But where was the voice of his own conscience? Colson, an acknowledged expert in campaign dirty tricks over many years, replied with the rather technical defence that he had known nothing of the burglary and bugging of the Democratic Party offices at Watergate. Like others, he had been "backed into" the conspiracy of two or three ringleaders.

"There were a lot of rough, tough, ethically borderline political manoeuvres. But in terms of breaking the law ... I had done four years of law school at nights, graduated top of my class. I wasn't going to jeopardise that – on pragmatic grounds.

"I take full responsibility for helping create the moral climate in the White House that led to Watergate. But I thought I was too shrewd to have done anything that was legally wrong." In the end he pleaded guilty to leaking to the press the FBI records on Daniel Ellsberg who was awaiting trial for theft of the Pentagon Papers.

"I had seen the ugliest side of politics since 1952 ... stealing information ... dirty tricks. It didn't bother me when Nixon said get the dirt on this guy and give it to the papers."

The voice of conscience was stilled by pride and self-righteousness. "Almost the better educated you are and the more sensitive you are, the more dangerous you are. This is one of the paradoxes of life.

"In college I studied Kant and the Categorical Imperative. I believed that through a rational process you could arrive at the right ethical judgments. And so when I went to the White House – I had a successful law practice and took a large pay cut – I put everything in a blind trust. I would never see anyone I practised law with. If I received Christmas gifts I would give them to the drivers of my limousine ...

"I, Chuck Colson, with a puritanical background and with a brilliant education, would never be compromised. No way. But I went to jail: which is why I don't believe Kant's Categorical Imperative is a sound basis for ethics. It assumes that by reason you can control your passions. It ignores the fact that human beings have an infinite capacity for self-justification and self-delusion."

You were up to your neck in it, I said. Was your religious conversion a way of escaping responsibility?

"You don't escape responsibility. I suspect if it had not been for my conversion to Christ I wouldn't have gone to prison. In fact I know I wouldn't have." (Colson claims the original charge against him would have failed and that he provided the prosecutor with another – the Ellsberg leak – to which he could plead guilty.)

Why, then, was his conversion so sudden?

Colson said the doubts had begun even before Watergate. When he left the White House in 1973 he had achieved everything he had set out to achieve. "I'd done all of these things and I sat one day looking out over the south lawn of the White House feeling a terrible emptiness."

He went to see a friend, Tom Phillips, soon to become president of Raytheon, and was startled by his appearance. "His desk was clear, he was smiling and relaxed. Fifteen minutes into the conversation I said: 'Tom, you've changed, what's happened to you? He said, 'Yes, I have. I have accepted Jesus Christ and committed my life to him.'

"I nearly fell off the chair because I'd never heard anyone talk that way. I thought: what in the world is this man talking about? So I very nervously changed the subject."

Phillips, it transpired, had been to a Billy Graham rally. Later that year Phillips read to Colson a chapter from C.S. Lewis's *Mere Christianity* on the sin of pride.

"I was deeply affected because I recognised my own sin as I never had before. Tom Phillips wanted me to pray with him that night, but I couldn't. I left and went to my automobile in the driveway. Patty (Colson's second wife) and I were heading off on a week's holiday and I couldn't drive out of the driveway because I was crying too hard to get the keys into the ignition.

"I sat there probably for an hour, praying the first honest prayers I had ever prayed in my life. I said: 'If you're true, Jesus, I want to know you.' I never normally showed emotion. I was embarrassed. But I got up next day and felt wonderful."

What did your wife think?

"She was astounded because she is a life-long Roman Catholic and far more religious than I am – was. I think she was terrified at first."

When people laughed at you – some probably still do – you can understand what goes through their minds?

"Sure. If I'd read that story I'd have said that's the biggest con-game, the biggest scam I've ever heard."

When I asked Colson whether "getting religion" might be a kind of psychological condition, a mid-life crisis exaggerated by stress, he replied that in that case St Paul, St Augustine and John Wesley were merely showing psychological symptoms. It could not explain why he had turned down lucrative offers to spend 20 years working in prisons on a salary of $59,000 a year.

Tony Andrews

Colson describes himself as a conservative, orthodox, evangelical Baptist, a fundamentalist in the non-pejorative sense of accepting all the basic dogmas of Christianity. Although he says he has given up party political contacts and has attacked the Moral Majority for its political links he is still more at home with the Right than the Left – except where criminal justice is concerned.

You're non-political?

"Well, I can't vote, I'm an ex-convict."

But he went on to criticise Bill Clinton for squandering the goodwill of the presidency by raising divisive moral issues during his first 100 days. "I very much oppose legitimising homosexuality and repealing the abortion restrictions."

Is homosexuality a sin?

"The Bible says it is. I get a little bit angry when people talk about us prejudiced, Bible-pounding people. Not many who criticise me will go and do what I do ... take AIDs victims who are homosexuals and hold them in my arms and talk to them about Jesus. It's one thing to be offended by a sin. It's another to love the sinner."

Do you believe in the book of Genesis literally?

"I do believe in it literally."

Are you a Creationist?

"Oh, yes, absolutely. Of course I am. Anyone who reads the Bible historically has to be a Creationist."

So you don't believe in Darwin's theory of evolution?

"No, I do not."

Species might have adapted but were separately created, Colson said, and Man was created human, with a soul, not descended from an ape-like ancestor.

A lot of people would say for an intelligent man you're being dumb.

"It isn't a question of intelligence, It's a question of prejudice – the idea that because something is modern it has to be more enlightened." A hundred years ago, he added, universities all over the world had denied the existence of the Hittite Empire because the only reference to it was in the Bible.

Do you believe in Original Sin?

"The greatest curse on the 20th century is that we forgot the doctrine of original sin. When you do, you get people like Stalin and Hitler. Utopians say just get rid of the social vices and the goodness of man will come through. But we are born flawed and have to be civilised."

I suggested to Colson that religion was the best career available to him after Watergate.

"Your readers will say: 'Oh, sure, he got in trouble in Watergate, he lost his law practice, he didn't have anything else to do, and went into the religious world. It's not a bad life, you get to stay at Claridges, you can write books, have fame and money and everything else' – though I keep no royalties, no speaking fees, no prizes.

"Since learning I had won the prize I have felt not one moment of exultation. I have felt driven to my knees in gratitude to God for what he has done in my life.

"I guess I can't ask you to believe it or your readers to believe it. But I'm giving you an honest answer."

As They Say in Europe/**James Morgan**

I am waiting to be asked

ONCE UPON a time I thought this column was going to gain me a place as an expert. Somebody somewhere would ask on some late night show, or back-of-the-paper opinion page, what the European press thought of this or that. It could have been the Newbury by-election or fiscal convergence: I would have a ready answer.

But I have learned that few believe that much can be gained from other people's news. This view was encapsulated in the observation of a top *FT* writer who said that this column showed that foreign papers were "as crazy as our own." I believe the time has come to demolish the idea that reading *El Pais* or *Bild* is a kind of journalistic train spotting. (As Richard Tomkins put it in his piece last week about real train spotters, they do it because it is no worse than doing something else.)

In a last-ditch attempt to prove that valuable insights can be gained from other's news, I opened a random copy of the *Neue Zürcher Zeitung*: last Saturday's, at pages 10 and 11. While you were reading about Jancis Robinson's wine bargains or Ms Davenport's delicious ways with oxtail, your opposite number in Zurich was glued to a page devoted to "The weather in April." This is a regular feature and it keeps to its brief: to cover as fully as possible all meteorological phenomena in Switzerland for the month in question, mentioning other countries only insofar as they contribute to drought or storm. It is a mine of information and a model of its kind in precision and breadth of coverage. One chart shows minimum and maximum temperatures, rainfall and respective deviations from the norm in 11 Swiss cities.

The flavour of this unique feature can be gained from a single paragraph: "The largest part of the country in April experienced below-normal levels of sunshine. But positive deviations were to be found in northern and eastern Switzerland, mostly about 10 to 20 per cent but up to a maximum of 30 per cent. The greatest reductions, around a quarter of the norm or even more were in upper Valais and the Bernese high Alps into the central Alpine region, from the upper part of Lake Geneva almost into the Freiburg region as well as the southern high Jura and the Upper Engadine. There were also substantial below-normal figures throughout Ticino."

But there is always the danger of attempting too broad a canvas, thereby boring the reader. So the weather editor ensures local interest is fully covered in several paragraphs and two diagrams about Zurich alone. One is a graph showing the amount of daily sunshine in the city compared with theoretical maxima. There is a day-by-day pollution record too. The seasonally adjusted increase in ozone in April appeared small.

Page 11 was headed "Various announcements."

Certainly the "Various" title was well-earned. The main story was "Inauguration of the new Bavarian State Chancellery – Less-than-convincing example of 'Building for democracy'."

It was noted that 50,000 people had signed a protest against the project, a pretentious affair commissioned by Bavaria's most famous post-war son and known, as a result, as the "Straussoleum."

Next door was a large piece entitled "Ireland relaxes contraception." This said that the question had been a "seismograph of church-state relations." Then followed an obituary of the British film actress Ann Todd.

The most interesting story was about the "Surprising change of ownership" at the Demel cake shop in Vienna. Demel's Konditorei is famous throughout middle Europe and has been locked in a bitter battle for some time with the Hotel Sacher over the rights to the *Sachertorte*, "Austria's most famous pastry." The enterprise has now been taken over by the Raiffeisen Zentralbank. Demel's had been compromised by its links with a convicted murderer, Udo Proksch; the government is chasing his money which came from an earlier sale of Demel shares.

That instructive tale was followed by "Medical failures – not quite so rare." The filler was about an "uncompleted rape" in Lucerne. And there was a bit about Asil Nadir's escape to northern Cyprus.

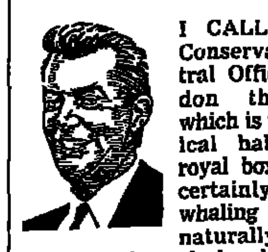
One gains a total picture of the Swiss, or more specifically the inhabitants of Zurich, from these two pages. There is the obsessive concern with the physical environment which is based on a fanatical sense of place. There is the scarcely concealed dislike of Bavaria and the not-very-genial contempt for Austrians. The Irish story feeds a stiff-necked protestant anti-clericalism. Then there is the usual bit of crime, an obituary and a half-hearted attempt to whip-up a medical scare story.

So it is that I have become expert in many questions about other nations. And so it is that I have never been asked the questions.

■ *James Morgan is economics correspondent of the BBC World Service.*

A kiss for Europe

Michael Thompson-Noel



I CALLED in at Conservative Central Office in London this week, which is not my typical habitat. The royal box at Ascot, certainly. An anti-whaling conference, naturally. Or any meeting whose declared purpose is to raise the status and self-confidence of womankind. But Tory Central Office?

In fact, they were happy to see me. With morale as it is at present, they are happy to see anyone. So in I cheerily strode, and made towards the bookstore.

There was a man behind the desk. "I was wondering," I said pleasantly, "whether you had anything in stock that was *extremely* pro-Europe – in fact, pro-federal – because that is where I'm at, aggressively pro-federal. I believe in a federal Europe. As I remarked some time ago, I want peace and prosperity for all the people of Europe. I want one army, one navy, one air force, one queen, one president, one chief executive, one flag (very small), one currency, one language, one set of tax laws, one summer sport and one winter sport, one way of cooking *estouffade à la provençale*, one way of spelling Cologne, one BBC, one archbishop of Brugge, one motoring rulebook, one price of petrol, one railway gauge, one opera house (which is probably one too many), and one school curriculum.

"I see a federalised Europe as the precursor of world government, which would solve most of our troubles at once. So what have you got on your shelves that will pull it all together for me? I need some ammunition. Ammunition is what I lack."

HAWKS & HANDSAWS

The man studied me. "As a matter of fact," he said, "material of that nature, *extremely* pro-Europe, let alone pro-federal, is remarkably thin on the ground. But I'm expecting some stuff next week. Perhaps you will call again, Sir?" I said that I probably might.

Yet I could not leave it there. I have been so nauseated by Britain's disgracefully slow progress in ratifying the Maastricht treaty on closer Euro-integration – let alone by the government's refusal to countenance a national referendum on the issue – that I am striking out on my own. I am changing my mannerisms. With luck, I hope to take on the appearance of a true European, just waiting to go federal.

I am far too Englishly, even though I have lived abroad for a quarter of my adult years. I wear drippy, unstylish clothes. I am inhibited and diffident. I am not particularly tactile. When I kiss, I suck and go *"mwah!"* (it is called vacuum-kissing, and is done to conceal embarrassment). And I am always absurdly punctual. I am a bit of a prat, actually, although I do not believe I am odious, what a hurtful thing to say.

To help me with my mission, I am dipping in and out of an upcoming book, *Foreign Bodies: A Guide to European Mannerisms*, by Dr Peter Collett, a research psychologist at Oxford University. According to Dr Collett, the study of European mannerisms presents a special challenge, partly because they are so diverse and partly because Europe is in the throes of upheaval.

"On the one hand," he says, "there are centripetal forces bringing nations together in an attempt to exorcise the past, and create a unitary structure with a common identity, while on the other hand centrifugal forces are at work, with local identities being asserted, people being flung in every direction, and states being torn apart."

He says that mannerisms are important because they form the basis of social exchanges between people, and because they can very easily give rise to misunderstandings.

We are often tempted, says Dr Collett, to assume that mannerisms are somehow less important than values or attitudes, or what people say to one another. "This simply is not the case. The way that people behave is crucial, not only to the sort of impression that they make on each other, but to how they feel about themselves."

In remodelling my mannerisms, I shall start with kissing. I want to kiss like the French, the champions of Europe. All I ever do is go *"mwah!"* and then *"mwah!"* I want to be as unpunctual as the Spanish, as comfortable with intimacy as Italians, as rollicking as the Dutch, as sexy as the Scandinavians, as perfidious as the Greeks and as humorous as the Germans. (I say they *are* humorous).

I am in for a sea-change.

■ *Foreign Bodies* will be published by Simon & Schuster on May 27 at £14.99.

Illustrating the ups and downs of the market: The Georgian Old Rectory at Thornby, in Northamptonshire

Wanted: homes for sale

*The market is picking up, says **Gerald Cadogan**, but agents are short of quality properties*

SPRING BEGAN *early this year* in the UK housing market as buyers decided that prices had bottomed out. Now the problem is that agents do not have enough good houses to sell.

Vendors may expect houses of quality to achieve (or come very close to) realistic guide prices, and sometimes may exceed them. But "realistic" may still mean 30 per cent in nominal terms below the heights of 1988-89.

The hard times that let a buyer lop £50,000 off an asking price are vanishing fast, and the imbalance of demand and supply looks set to lead to a rise in prices. But how great that rise will be, and when it will reach different parts of the country, is debatable.

In truth, the frosts that have nipped the green shoots of economic spring in the chancellor's garden for the past 18 months may still return. In this flux, the individual property matters far more than market trends.

Shute House near Shaftesbury, in Dorset, with a magical garden designed by Sir Geoffrey Jellicoe, was on the market for just five weeks when it went for virtually the asking price of £1.25m after other, lesser, offers.

The cuts in interest rates have made mortgage payments cheaper than rent – notably for first-time buyers, whom the building societies woo with special terms and who are most likely to benefit from the abolition of stamp duty on purchases below £60,000. Nationwide gives an average first-time price of £39,645 for the first quarter of 1993, and Halifax one of £44,289.

This discrepancy may reflect differences of clientele seeking mortgages, from whom they draw the data for their indices. Both building societies note that first-time prices are significantly – 6.5 and 7.8 per cent – down on the same quarter in 1992.

This new climate affects directly only younger *Weekend FT* readers, but it is relevant for all as first-time buying starts a chain reaction, pushing vendors a rung or two up the ladder. A recent survey by the Royal Institute of Chartered Surveyors has noticed is starting to happen again.

In all sectors, many have grown tired of living in rented flats and now, with mortgages cheaper than rent and incomes up, are eager for a property of their own. Nationwide computes a house price-earnings ratio of 2.85 for the first quarter of 1993, its lowest level since 1960, and estimates that taking into account prices, earnings, interest rates and mortgage interest tax relief, houses are now more affordable than they have been since 1966.

At the top end, lower asking prices and the fall of the pound have brought foreign buyers to London, giving some lucky Londoners the wherewithal to buy good houses for bringing up the family in the country. Higher share prices are another plus.

Perhaps the market would have turned last autumn, if Black Wednesday had not struck just when the new buying season was getting under way and clobbered everything from stately homes to new homes. Perhaps the mild winter gave buyers itchy feet.

Whatever the reasons, there has been a change. From January to March, Savills' Guildford office sold twice as many houses as in all 1992, Tommy de Mallet Morgan reports. At Easter there was a pause, but now he detects a new wave forming as vendors decide to sell and make their long-discussed, long-deferred moves.

Two preliminary valuations a day is a sign of the activity waiting to unfold. "Just as Surrey led the way into the recession, so it is leading the way out," he says. *More* activity can quickly translate into higher prices, and Morgan foresees a time not so far off when vendors may be tempted to ask for a heady 5 per cent more than the realistic price.

In the present market, good houses sell. But if there are drawbacks (which are more obvious now that the Property Misdescriptions Act is in force), or if the house is overpriced, confidence is not yet so strong that any house at all will be bought, as happened in the late 1980s.

Patrick Ramsay, of Knight Frank & Rutley, is cautious. For him the demand has a slightly false bulge, as the eager but frustrated buyers include flat-renters and overseas buyers, neither of whom have property to sell.

And spring last year and in 1991 turned out to be a false dawn. But the stock of houses for sale is now low as the supply has shrunk steadily over the last three years. Most of those that were on the market a long time are now sold, at much reduced levels.

Some "old chestnuts," as Ian McConnel, of Savills in Banbury, Oxfordshire, puts it, are still stuck. They were too high three years ago and, even if they have followed the market down from £300,000 to £220,000, they are *still* too high, and buyers avoid them just because they have been around so long.

So it is a two-tier market. In houses new on the market we may see prices rise this summer, as country houses follow London's lead. But any rise, Ramsay thinks, will level off in the autumn and winter as supply and demand come into balance.

It is a matter of when the vendors have enough confidence to sell. The shortage of top-class country houses shows many hanging on in the hope of a better price and aiming to ride out such woes as Lloyd's and compulsory early retirement. Some time over the next two years there should be plenty of houses to sell, perhaps even from this autumn. If the market does rise 10-15 per cent, supply and demand will sort themselves out. But prices will still be well below those of 1988-89.

Next summer may be a good time to sell, in the third year of the current parliament. But who knows what new banana skins will be around by then? After all, it may be safer to sell now since a vendor can be certain that buyers will come to view, especially if the house receives national advertising.

The handsome 1720s Much Hadham Hall, in Hertfordshire, rated Grade I and probably the work of Nicholas Hawksmoor, came on the market two months ago. Agents Mullucks Wells & Associates had inquiries from Dubai, New York and Stockholm, and a dozen serious viewers, four of whom made offers. Contracts are expected to exchange shortly at a price close to the £950,000 guide price.

The Georgian Old Rectory at Thornby, in Northamptonshire, shows the ups and downs of the market. In 1983 it went for £180,000. Restored and with more land, it came on to the market again at over £500,000 in 1988 and – at the market's peak – went for over £550,000. This winter it was sold again, dropping to more than the £450,000 guide price – sold to an overseas company for whom it cost even less in foreign currency.

Realistic guide prices for good properties make sense, while competitive bidding and premium prices remain rare and usually a reaction stemming from frustration. If anything is wrong or the price too high, buyers still walk away. How long they will remember the bruises of the past few years is uncertain. If the experience of the price collapse in the mid-1970s is a guide, memories are short and fear soon gives way to greed.

Yolande Barnes, of Savills Residential Research, expects marked price increases between June 1993 and June 1994 – later in some areas – as vendors comprehend buyers' pent-up desire to move and settle. At the end we may see prices back to where they were five years ago in nominal terms, accompanied, perhaps, by inflation – and higher interest rates.

In the meantime, if you are buying a house, do not overlook the old-fashioned repayment mortgage which reduces the sum outstanding month by month (although slowly at the beginning), rather than an endowment mortgage with its lure of a lump sum at the end. The life insurance companies have been cutting the returns on endowment policies. Conversely, anybody who has paid the old way for the last five years has probably cleared off any negative equity.

Keep in mind, as well, that agents are still cautious about prices, having spent the last few years teaching vendors to think small. And there is a danger that in their desire to obtain houses to sell, they may overvalue them. It is a tricky market, and hard to foresee that it will ever return to a frantic boom. What is certain is that any good house put up for sale now will sell quickly.

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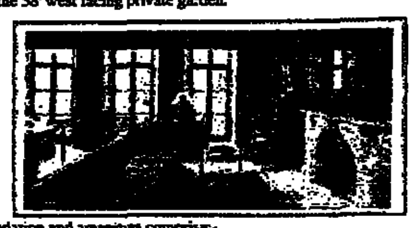

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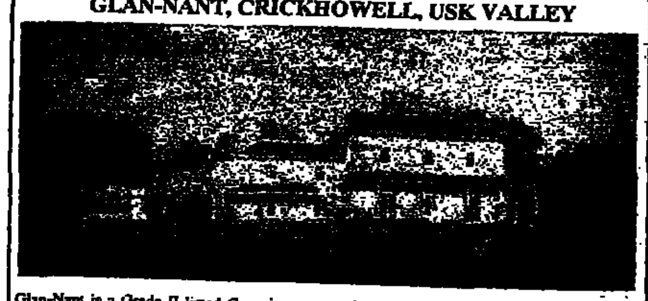

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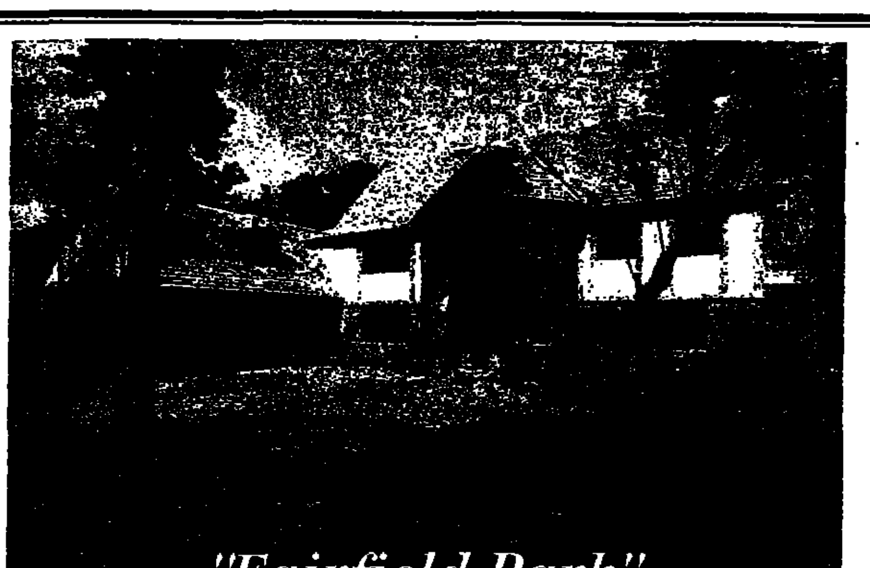

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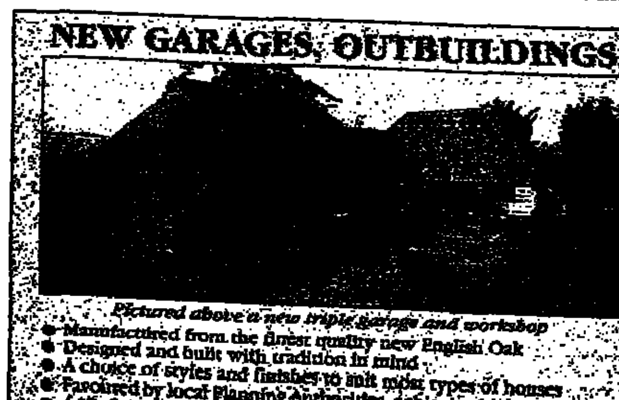

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PROPERTY PLUS

How to date your house

Expert help in tracing the history of your home is not hard to find, says ***Gerald Cadogan***

HOW OLD is my house? And how can I improve it without damaging its historical character?

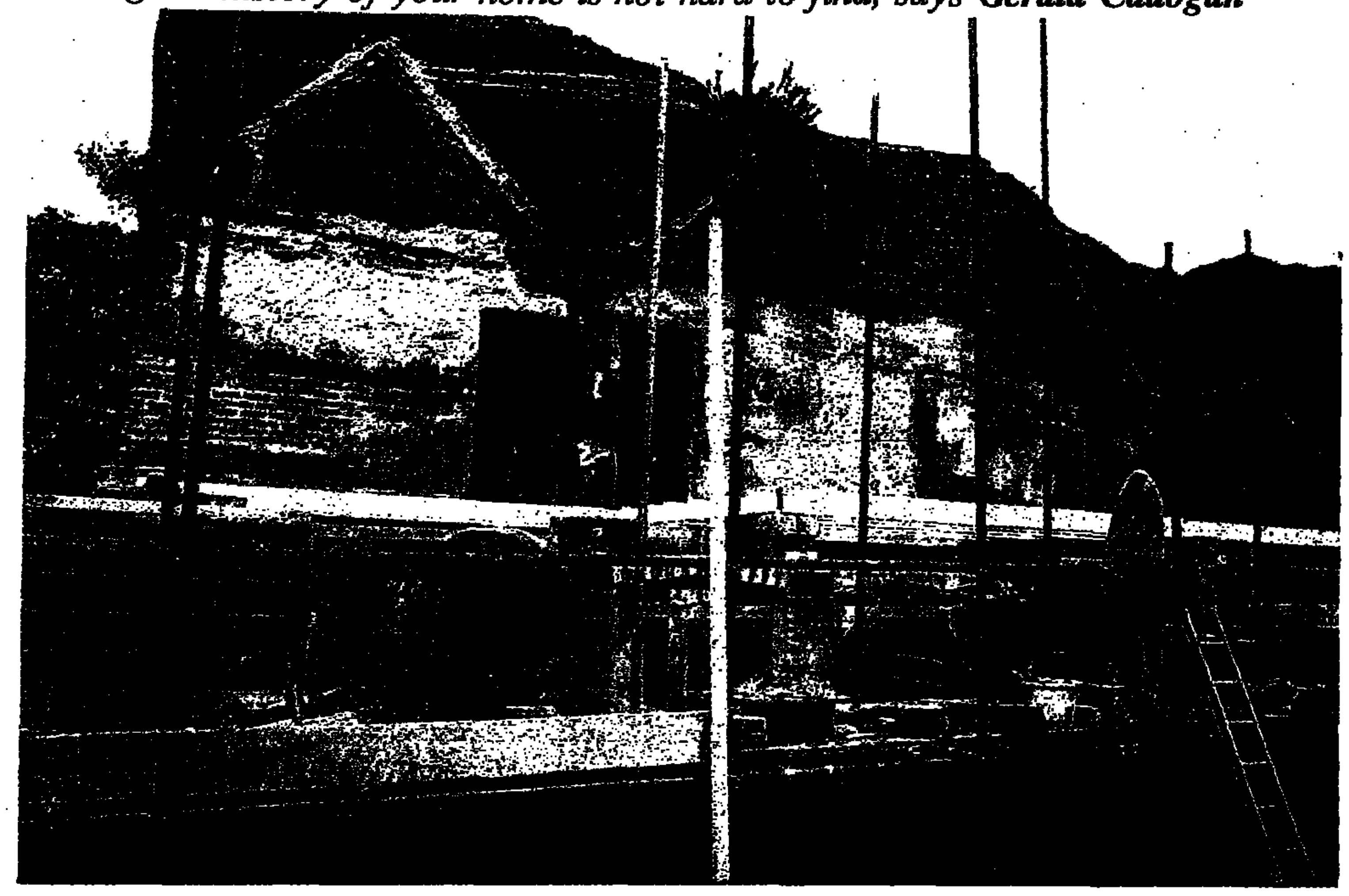
A quick answer to the second question could be: do not put in plastic windows or face the exterior walls with stick-on rusticated stonework. And think twice about adding a Victorian-style conservatory – often they do not fit, which may be why so few were built in the first place. The full answer is to find out its history and then decide how to alter it or, in the light of what you discover, leave it as it is.

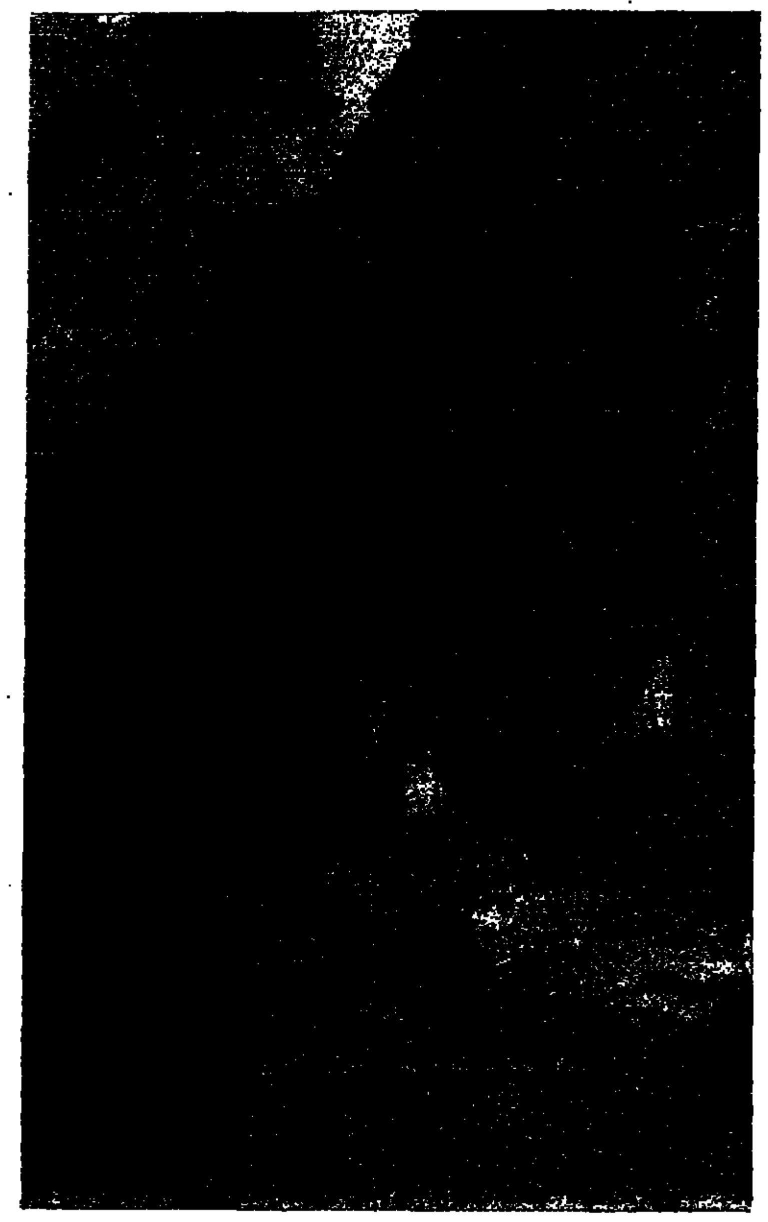
You never know what you may find. Houses are long-lived animals that survive changes in almost every generation. Behind the chain-store high street facades lurk medieval merchants' houses. (In Barnstaple, Devon, do not miss the Tudor shipmaster's ornate plastered ceiling in the Woolwich Building Society.) And, surprisingly often, village houses turn out to have Georgian fronts.

Start by examining the house thoroughly yourself. Look out for blocked windows, doors and stairs. If the floor changes level, why? Did the house once have its own well, or built-in copper cauldron for the laundry? Has it always had the same main entrance? You will find it easy to spot some of the alterations, although arranging them in sequence may be hard.

See what Pevsner's guides say about the house and whether there is an entry in *Victoria County History*, the title of a series of county histories which you should find in the public library. If it is listed, the particulars are recorded in the relevant section of the Department of the Environment/Department of National Heritage Green Book (in the public library or at the local planning authority). There may also be entries in the Sites and Monuments Record (SMR) which the local archaeological unit keeps (the county council will tell you where to find them) and at the county records office.

If you do not have the time, inclination or background for this research, seek out the experts. They will survey the building and work out its history from the bricks and mortar and will search documents, should you require. The archaeological units, which advise councils on what to do with planning applications for listed buildings (and sometimes for non-listed) and for scheduled ancient monuments, usually have a contract side to survey buildings. There are also private consultants.


The restoration of a rock-cut house at Kinver Edge, in Shropshire


A rare early photograph of a Kinver rock house

They will produce reports with photographs and plans, sections and elevations drawn to scale, which should tell you much more than you alone could discover. They will also help if you are contemplating work on the house and will probably also want to put the information into the SMR for future use.

A typical brief for the Canterbury Archaeological Trust, one of the local units, was a derelict bus garage which was to be restored as offices. It might have seemed an unpromising start but the team recovered two-bay medieval building with a crown post roof, and 17th and 19th century additions. After the first world war it lost its original facade and first floor framing when it was converted to a garage.

For more precise dating of the medieval part, they could have use dendrochronology, taking sections from one of the larger beams or coring samples. This would show the pattern of annual growth rings, some thick and some thin, which reflect the patterns of medieval weather.

Trees grow more in wet, warm years. Thin rings mean harsh winters. The next task is to match the "floating" sample to master patterns which have been built up by correlating hundreds of samples and counting them backwards from the present. Computers make this fairly easy and will produce dates for the rings.

These dates give the year of the latest ring preserved. If the beam still has its bark that will be the date the tree was cut – which may be few years before it was used in the building. Tree rings have remarkable accuracy, and have dated the monastic barn at Great Coxwell, in Oxfordshire, to within a decade of 1300, settling an argument that ran between the early 12th and late 14th centuries.

The Greater Manchester Unit recently surveyed a cottage in the nearby village of Broadbottom for its owners. The cottage is the only surviving building of cloth printing works built beside the fast-flowing river Etherow, and in use from around 1763 to 1919.

The records produce a complicated history, which probably began with a still earlier corn mill on the site, followed by a woollen mill converted for cotton in the mill boom of the 1790s. It prospered until the mid-19th century, with 450 workers in 1851, when business started to decline. Printing stopped in 1913. Then, the Happy Bran Company made soap powder until 1919 in part of the works, when it was sold.

The Greater Manchester unit worked out that the Cottage had four building phases which mirrored the history of what the 1919 sale particulars called "the most famous Calico Printing Works in England." The lucky owners now have a fascinating history of their cottage and the details they needed to extend it.

Ron Shoesmith, of the Hereford Unit, stresses that much of the work is to ensure that buildings are understood before they are altered. Listed (and convertible) barns in Wales and an old button and buckle factory in Walsall, for which a housing trust was seeking planning permission, have been recent briefs. The unit has also surveyed two old gate houses for the Landmark Trust.

The unit's most intriguing brief evokes Petra in Jordan, or the troglodyte life of early man. The National Trust commissioned the unit to survey rows of rock-cut houses at Kinver Edge, in Shropshire, before restoring two as a single house or for the custodian.

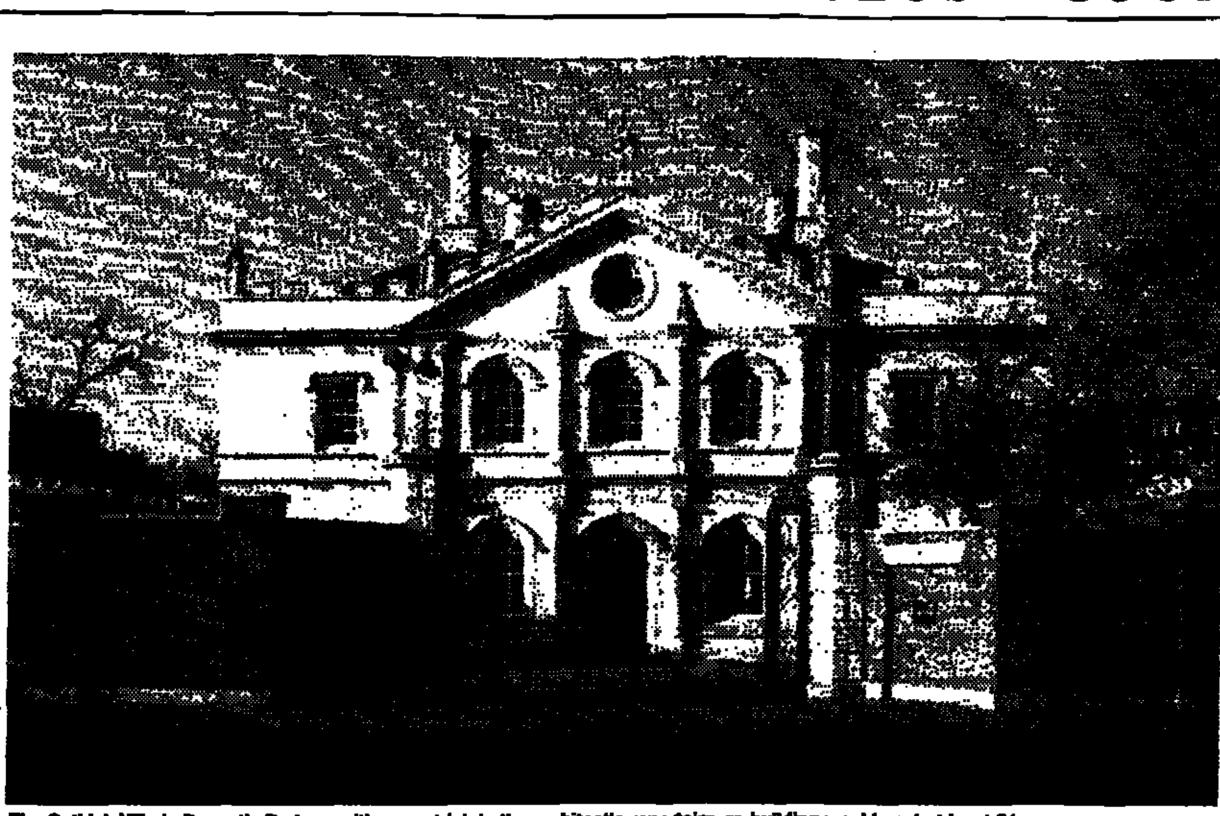
These rare dwellings are partly cut out of the rock, partly built up in stone in front. Farm workers and iron workers use to live in them. The oldest record is of 1800 but they probably go back earlier, and they were in use until the 1950s or 1960s. They are two-bedroom houses and at one time there were 11 families in the row. When they wanted a house, they did not have to pay. The contractor paid them to quarry the stone.

■ Canterbury Archaeological Trust, 92 Broad Street, Canterbury CT1 2LU (0227-462062).

■ City of Hereford Archaeology Unit, Town Hall, Hereford (0432-268121).

■ Datestone, Church Farmhouse, Ansdell, Lytham St Annes, Lancashire FY8 4EX (0253-733563).

■ Greater Manchester Archaeological Unit, University of Manchester, Oxford Road, Manchester M13 9PL (061-2752314).



The Gothick Villa in Regent's Park . . . with every trick in the architect's repertoire, re-building would cost at least £4m

History at a premium

***David Hoppitt** finds that the costs of rebuilding – especially a period property – can far exceed those of simple purchase*

HOUSES ARE cheap today. Many can be bought for very much less than they would cost to build. Large, period properties are especially good value.

Most people consider Britain's heritage of fine houses to be irreplaceable works of art – so valuable that owners have to gamble on when insurance premiums are due each year. In extreme cases, such as the magnificent Herstmonceux castle in East Sussex, the cost of re-building would be 10 times the selling price, and that leaves aside the value of the priceless gardens and parkland.

The dilemma facing owners of period homes was highlighted in the recent catastrophic fire at Windsor castle. Often premiums are too high for houses to be covered for a total loss.

English Heritage and agencies responsible for royal palaces and other national monuments, such as the Tower of London, simply cannot afford to insure them at all. Money is spent instead on prevention and early-warning systems.

Surprisingly, while claims blaze even higher, only 61.7 per cent of Britain's 22m homes are insured against fire. There are signs of improvement but, even so, claims leapt by more than 7 per cent last year to £249m.

Even some builders of new homes, desperate to maintain cash flow, are offering houses for less than they cost to build. Historically, this situation is a catalyst to a price explosion, but uncertainty over employment continues to apply the brake.

Building costs vary from region to region and according to house type, causing a wide difference in premiums. But the British Insurance Association publishes an annual summary of building costs so, unless you live in a mansion, do-it-yourself valuation is relatively simple.

Rebuilding costs bear no relation to market value although, fortunately, total losses are rare. On an average home, the guide price per square foot varies from as little as £41 to more than £70. To replace a beautiful Georgian mansion, however, could cost closer to £500 a sq ft.

To estimate your own rebuilding costs, simply work out the floor area, using external measurements, and multiply by the number of floors. To complete the equation, multiply the total area by the rebuilding cost for your area and house type. Thus, a a moderate detached house of 2,000 sq ft in the home counties would cost 2,000 x £46 to rebuild – or £92,000.

So, what price a Gertrude Jekyll garden or Capability Brown parkland?

"The garden comes virtually free if you take into account the value of the bricks and mortar," says Colin Mackenzie, of Hamptons. He was referring specifically to Barton St Mary in East Grinstead, Sussex, built in 1906 and having 20 acres that are little changed from the myopic Miss Jekyll's original design. The price guide is £1m. Mackenzie says: "To rebuild the house would cost £2m or more, and that excludes the incalculable value of the gardens."

Heveningham Hall in Suffolk, featured on these pages a few months ago, is still on the market. The price of £4.5m is trifling compared with the £16m that Savills and Knight Frank & Rutley estimate it would cost to rebuild. Again, the grounds – in this case, 469 acres sculpted by Capability Brown – count for nought.

High above Bath is Widcombe manor, an exquisite Grade I Georgian house sitting in seven acres of terraced gardens thought to be the work of Harold Veto. Offers above £1.25m are sought by Savills with Knight Frank & Rutley.

Savills' man in Bath, Charlie Barkshire, says local building costs for a standard house are around £60 a sq ft; but a house of the complexity of Widcombe manor would cost at least £280 a sq ft to replace.

One of the most remarkable building works in progress this year is Bliss mill, a huge Victorian tweed mill built in 1872. It might pass for a Georgian-style mansion but for the dome and 165 ft tower that soars above the finials and balustrades. Agent John D. Wood reckons that to build it today would cost at least £15m.

The building dominates the rolling Oxfordshire countryside and is close to Chipping Norton (Chipping being a corruption of the Saxon word "cheapening," meaning market), the gateway to the Cotswolds.

Work on converting the mill and its outhouses to flats was started by an American a few years ago and swallowed up more than £5m, much of that due to the high standards set, but the company went into receivership. Enter Andrew Davis, a flamboyant 27-year-old whose company, Widworthy Estates, has now completed a number of successful developments.

"It was a very sad state of affairs," Davis says. "The previous owner had lavished love and money on the old place but we were able to buy it for below £2m.

"We have spent another £3m finishing the 35 flats, providing a wonderful sports complex and converting the outhouses into cottages and covered car parks. The buyers will get quality that is far and away beyond what we could have built for the money had the previous owner not been so ambitious."

Prices of the flats and the delightful bright cottages range between £125,000 and £245,000; annual service charges, which cover maintaining the indoor pool, tennis court and other facilities, will average about £1,750.

In Regent's Park, London, the third of an eventual six remarkable villas designed by the champion of classicism, Quinlan Terry, is now ready for a house-warming party. The Gothick Villa, as its final "k" indicates, is not architecturally pure; rather, a marriage of classic and Gothic style reminiscent of Palladio's Villa Saraceno in Venice.

It is an extravagant place, with ogee arches, pinnacles, Corinthian capitals, vaulting, and just about every other trick in the architect's repertoire. But, as a home, it works much better than the first two, the rooms encircling the grand entrance hall and staircase being of better proportions. Savills, with Lassmans, has set a guide price of £6.75m.

Now, the crunch question. If you buy the Gothick Villa, for how much should it be insured?

Strawberry Gothic, as it has been described, does not come cheap – at least £300 a sq ft. Erring on the side of caution, you should reckon on closer to £500 so, with nearly 8,000 squ ft to protect, the premiums should cover re-building costs of at least £4m.

Cadogan's Place

For buyers only

ACQUIRING Dodington Park in south-west Gloucestershire has been a coup for buying agent Wilson & Wilson (071-727-1977). Working like a management head-hunter, it negotiated the sale without any estate agents being involved (saving the vendor a nice sum, too). The grand Palladian property comes with a dower house, two lodges, six cottages and 300 acres of park designed by Capability Brown. The buyer is a private client who will set up a stud to breed horses and working German shepherd dogs.

Buying and re-location agents work solely for purchasers. They find, and negotiate for, properties which (like Dodington) are sometimes not intended to be for sale or are not on the public market. They also may offer to manage let buildings on behalf of investment buyers.

The aim is to take all the bother out of buying and shield purchasers from being at an amateur's disadvantage in dealing with a vendor's professional estate agent. Savings from negotiating down the price more than cover the buying agent's fee.

Other buying agents include Property Vision (071-602-8788) which has a link with Sotheby's; Stacks (0666-860-523), a partnership of 12 covering England and Wales from Cheshire to the Wash; TLC Homesearch (0626-63000), a newly-opened firm in Devon; West Country House Search (0935-812-698) in Sherborne, Dorset; and the buying department of Lane Fox in Banbury, Oxfordshire (0295-273-592).

County Homesearch (0872-223-349), with offices covering southern England, Edinburgh, Hong Kong and Provence, has an unusual fee structure: £300 (including VAT) initially, followed by either 1 per cent of the purchase price or 15 per cent of the negotiated saving between the asking price and the purchase price (whichever is greater).

Bedrock International (071-351-2625) has a long computer listing of available houses, plus pictures, to give clients a fuller initial idea of what is available. When it has searched through this and made a short-list, it inspects the properties and goes from there in the usual way.

'Savings should more than cover the fee'

With all estate agents reporting that good houses are scarce on the market, and with some still over-priced, the way is open for buying services to show their worth.

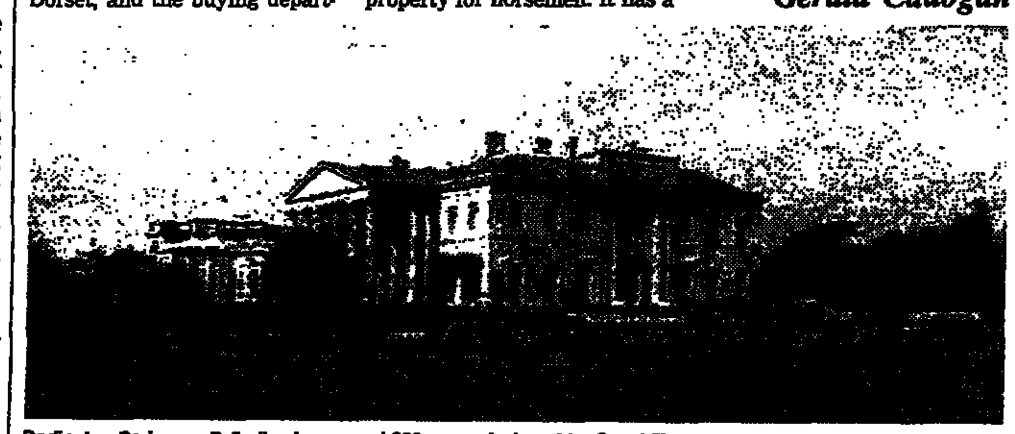
■ Avonmore House, built in 1720 and only 25 miles from Dublin, is set in 150 acres along the river Avonmore in the hunting, shooting and fishing country of Co. Wicklow. Hamilton Osborne King in Dublin (01-760-251) is selling what looks a most comfortable property for horsemen. It has a multitude of bedrooms and baths and a stable yard with 16 loose boxes, all with a guide price of IR£1.75m.

■ For the grand life in France, Philip Hawkes in Paris (1-42 68 11 11) is offering the Chateau de Mareil le Guyon, fully furnished, restored beautifully and just 21 miles west of Paris, for FFr47.5m. Simpler and cheaper, at FFr4.2m, is La Magnanerie de Mousteirol, a pretty farmhouse at Entrecasteaux in Provence, with a swimming pool and passion flowers in the garden. From Hugo Skillington in France (94 43 69 79) or Knight Frank & Rutley in London (071-629-8171).

■ For remoteness, a farmhouse called Brimblecombe in Exmoor national park near West Anstey, Devon, is hard to beat; you need a four-wheel drive vehicle to reach it. This romantic retreat, where you can see badgers on the lawn, has five acres, three bedrooms, a stable, hay barn and two more barns. Price: around £190,000 from Stags in Dulverton (0398-231-74).

■ Fans of 18th century Gothic architecture will like the grade II-listed Clearwell castle in Gloucestershire's Forest of Dean. Now run as a country house hotel and new on the market, it is rich in battlements and bedrooms (14, all with baths en-suite). Knight Frank & Rutley in Hereford (0432-273-087) offers it for around £750,000.

Gerald Cadogan



Dodington Park . . . a Palladian house and 300 acres designed by Capability Brown

COUNTRY PROPERTY

COUNTRY PROPERTY

PROPERTY PLUS – LONDON

A penthouse – for one-third of the price

Having fallen by up to two-thirds, prices now are rising – but not as fast as vendors with negative equity would hope, reports ***Michael Hanson***

FROM ONE of the two penthouses in 25 Jermyn Street, next to the department store Simpsons in the heart of London's West End, there are splendid views over Piccadilly, across Regent Street and on to Soho. So I was not surprised when Kevin Ryan, of Mayfair agent Egerton, said it had been sold. The surprise was the price: £295,000. Why? Because, during the property boom, the same penthouse was on the market at £900,000.

When the developer, Michael Salliss Group, went into receivership, it had sold only 15 of the 35 refurbished flats in this Grade II-listed Edwardian building above the National Westminster Bank. One was the show flat, at £600,000. But two buyers were repossessed, one of them committing suicide. A year ago, the receiver appointed Egerton (tel. 071-493 0676) and Horne & Sons (071-499 9344) as joint agents to sell the remaining 20. They priced the penthouses at £395,000 each; now, despite having taken £100,000 off, one remains on offer. The prices of the other flats, which are studios or one-bedroom apartments, were also cut by 25 per cent and now range from £95,000-£175,000. Only five remain, but two have no view at all.

While these prices show greater reductions than most in London, property prices in the capital rose so high in the 1980s' boom that they had a long way to fall. In fact, they fell further than anywhere in the UK except East Anglia, where average prices almost trebled between 1983 and their peak at the start of 1989, since when they have fallen 35 per cent.

In Greater London, prices fell by an average 32 per cent from their peak to the end of last year, according to the Nationwide building society (although the Halifax, Britain's leading mortgage lender, claims the figure is only 23 per cent).

Since then, the market generally has shown signs of improvement, although there is no consensus about this. The Nationwide says prices in Greater London rose by 2.6 per cent in the first quarter of this year, but the Halifax says that they *fell* a further 2.4 per cent. In the prime central London market, however, prices rose by 1.8 per cent in the first quarter, according to Yolande Barnes, head of residential research at West End agent Savills International (which, for good measure, puts the total fall in prices at 26.9 per cent from their 1989 peak).

House prices dropped less than flats, with the greatest reductions being in the highest-priced developments in central London or in peripheral areas of the capital where flat prices continued to drop in the first three months of this year, especially for apartments in converted houses.

A survey by London's largest independent agency network, Winkworth, shows that flat prices have fallen most in Streatham, Notting Hill, Shepherds Bush, Tooting and Catford. John Wriglesworth, housing analyst at stockbroker UBS, says the typical 1980s' conversions of older houses to produce bed-sitters and one-bedroom flats for yuppie first-time buyers could now be almost unsaleable.

Savills believes that the worst is over in central London, where prices of new houses fell by less than second-hand ones. The greatest recovery this year has been in higher-priced houses in areas like Mayfair, Belgravia, Kensington and Chelsea. And interest is reviving in Docklands, where the Bank of China has bought 48 flats in The Anchorage, at Sufferance Wharf on the Isle of Dogs, from the receiver of the Rosehaugh group

Meanwhile, a British company, Barratt Developments (071-231-2628), has begun work on 275 new houses and flats at Sovereign View in Rotherhithe, with prices starting at £65,000; and Fairview New Homes (081-366-1271) has bought 2.4 acres of land at Timber Wharves, on the Isle of Dogs, for starter homes at prices from about £39,000 for one-bedroom flats. Many properties in Docklands are still being offered by the receivers of over-ambitious developers or owners with negative equity.

Most property people say that the recovery of the market dates from September 1992 when Britain left the European exchange rate mechanism; this made property 15 per cent cheaper for the overseas buyers who form 30 per cent of the market for prime properties in central London.

Although it was December before this made itself felt in the market, Mayfair agent Anthony Lassman points out that by then "the strength of the US dollar and the fall in UK house prices represented in real terms a discount of 50 per cent on price levels achieved at the height of the boom." No wonder properties began to be snapped up.

The National House-Building Council operates an index which projects the ability of first-time buyers to acquire property. When the base lending rate was cut to 6 per cent a few weeks ago, the index hit an all-time high of 112, indicating that property had become cheaper than at any time since 1975. The result was that viewings increased, offers were made and mortgage applications soared.

Even now, though, there is no unanimity on the recovery. A few weeks ago, Robin Leigh-Pemberton, governor of the Bank of England, told a committee of MPs: "The recession is probably over." And the National Association of Estate Agents says that the first quarter was the most encouraging time in the property market for three years.

But South Kensington agent Patricia Farley cautions: "While there is no doubt that things are better than this time last year, that does not say much."

Andrew Langton, of Aylesford, is more cynical: "The London market has been brought to its knees over the past seven years and I don't see any signs of recovery." On the other hand, Wilson & Wilson, an agency that acts for buyers, says: "All the evidence suggests prices in prime residential areas have bottomed out. This is very much a market for opportunists."

All agents agree that there is a shortage of activity. But perhaps the most reliable indicator of the apparent up-turn is that agents are opening new offices again. Winkworth, which closed five in the recession, is launching two – in Dulwich and Ealing – at the end of May and Barnard Marcus is opening in Holland Park in June.

The Carlton Gate development by the Grand Union Canal in Maida Vale W9 (above) where more than half the 282 flats have been sold at prices from £89,500 to £229,000. A sales office is on site: tel. 071-266 3277

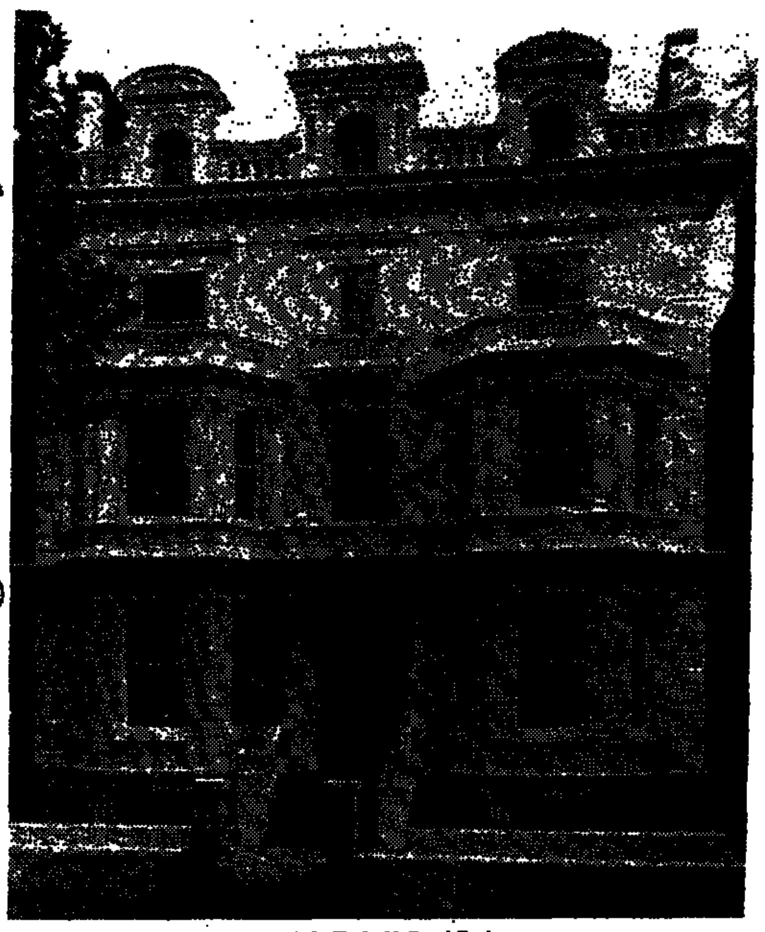
Belgravia: simply the best in town

*Mayfair is on the way back but its neighbour remains the capital's top residential area, says **Michael Hanson***

WHEN Lord Owen, Britain's former foreign secretary, moved to Narrow Street in Wapping more than 20 years ago, living east of the Tower of London suddenly looked trendy. Since then, and especially over the past decade, vast sums have been poured into developing Docklands and the media has been full of seductive advertisements and brochures from developers. But the reality is that Docklands remains a place for the future – a far better bet than it was but needing another 10 years at least.

If Docklands is not yet "in," where is? The simple answer is that money talks, even though its owners usually prefer to remain silent. They spend their cash on property in the best residential areas of London (often, in the most discreet streets) where there are gracious houses, or seemingly modest ones, with garages if possible and, almost certainly, gardens. If they prefer to live in flats they want a good location, quality, service and, above all, security.

Some people think the Monopoly board shows the best addresses in London; and it is true that Mayfair is on its way back to the top spot now that planners require so many fine buildings, used as "temporary" offices for the past 50 years, to revert to residential use. But the leading residential area in London continues to be Mayfair's neighbour, Belgravia.



Where tradition rules . . . a restored villa in Holland Park

Its 200 acres are owned by the Duke of Westminster's Grosvenor estate (which also controls the best 100 acres of Mayfair). The properties are leasehold, a system being changed by the government through its Housing and Urban Development Bill, which allows tenants to acquire the freeholds.

Indeed, most of the best residential areas in London remain – for the moment – leasehold. Apart from Mayfair and Belgravia, these include the Cadogan and Sloane-Stanley estates in Chelsea; Smith's Charity in South Kensington; the Ilchester estate in Holland Park; the Eyre estate in St John's Wood; the Howard de Walden estate around Harley Street and Portland Place; the Portman estate around Portman Square; the Church Commissioners' estates north of Hyde Park; and Eton College's estate in Swiss Cottage. The Crown estate's leasehold properties in Regent's Park, Kensington, St James's, Millbank and Hackney are excluded from the bill.

For those wanting to live in Mayfair, the entry price is surprisingly low. Egerton (tel: 071-493-0676) has two-bedroom flats for sale at less than £200,000, but service charges can be £3,500 a year. Larger flats needing modernisation cost up to £475,000.

Wetherell (071-493-6935) is offering newly-refurbished flats in Upper Grosvenor Street, opposite the U.S. Embassy, at between £795,000 and £1.1m. On the BP pension fund's 20-acre Mayfair estate, reconstructed flats in Hill Street are being sold by Debenham Tewson Residential (071-408-1161) from £320,000, and new houses in Hays Mews from £390,000.

Anyone who doubts that Belgravia is London's top address should note that this is where a two-bedroom penthouse in Belgrave Square can be rented through Humberts Majendie (071-223-0433) for £1,200 a week – more than £60,000 a year, which does not include council tax.

Belgravia is where property developer Elliott Bernerd bought the Eaton Square flat where the Duke of Westminster lived, combined it with the Duke of Roxburghe's flat next door to create one of London's largest apartments (more than 8,000 sq ft), and sold it last year to Middle East businessman Wafic Said for about £9m despite the Grosvenor estate lease having only 20 years left, an annual ground rent of £5,000, and service charges of more than £30,000 a year.

Part of the Kensington Green development on the site of St Mary Abbots hospital

All but six of the grand houses in Eaton Square have been converted into expensive flats. One of the houses, on the south side, was bought two years ago by composer Sir Andrew Lloyd Webber for £10.5m.

Elsewhere in Belgravia, houses in Chester Square or Wilton Crescent can command up to £4.5m – the price paid last year for one in Wilton Crescent that was reconstructed and given air-conditioning and a lift. A house three doors away is for sale at £3.25m through W.A. Ellis (071-581-7654) and Cordle (071-351-0223). An unmodernised house offered for £2m through Aylesford (071-351-2383) has the extra advantage of having a mews cottage with a double garage at the back in Kinnerton Street.

In Cadogan Lane, where the Grosvenor estate meets the Cadogan estate, Wilson Mordant (071-235-0906) is seeking £4.5m for a new, six-bedroom property designed by Michael Brown Associates on the site of the house in which actress Judy Garland died. This re-interprets the classical style of Belgravia in a modern way and has an indoor swimming pool, a lift and an elaborate security system – but no garage. It is also freehold, rare in this area up to now.

Elsewhere on the Cadogan estate, £4.85m is being sought by Knight Frank & Rutley (071-824-8171) for one of the large houses in Cadogan Place; it has air-conditioning, a lift, a double garage, and a lease with 54 years left.

After Mayfair and Belgravia and Chelsea, the next prime address is Holland Park – the street, not the area – where the houses *are* freehold. Richard Branson owns two adjoining houses there and the Kensington office of Knight Frank & Rutley (071-938-4311) has two nearby houses for sale: one at £6.75m, the other £3.85m.

On the Phillimore estate in Campden Hill, W.A. Ellis has a leasehold house at £2.5m, John D. Wood & Co (071-727-0705) another one at £2.45m, and Lassmans (071-499-3434) a third for £1.45m.

The redevelopment by Taylor Woodrow and Mitsui Kensetsu of the nine-acre site of St Mary Abbots hospital in Marloes Road, Kensington, is becoming recognised as one of the best addresses in London because of the quality of the new buildings, the ample parking and the high security.

Now called Kensington Green, there are flats with 999-year leases from £180,000 up to penthouses at £990,000, and freehold houses from £550,000 to £1.6m. Of the first phase of 114 properties, 60 have been sold and 23 let. There is a sales office on the site (071-938-3350).

Two years ago, Regalian Properties developed 20 luxury flats on Crown estate land at 3a Palace Green, opposite Kensington palace; but with prices from £2m to £13.5m, buyers were conspicuous by their absence. Since prices were halved recently, nine flats have been sold and the rest are for sale through Savills (071-499-8644) and Hamptons (071-493-8222) at figures from £1.05m to £5.575m. Regalian's chairman, David Goldstone, insists that 3a Palace Green is not just the finest address in London – but in the world.

LONDON PROPERTY

LONDON RENTALS

Echoes of the Raj in a colder climate

***David Hoppitt** on the ubiquitous British bungalow*

SOME PEOPLE like them, others loathe them. Bungalows have been the butt of more jokes than parrots and vicars, but they are a big part of Britain's housing stock. The Halifax building society says that The Bungalow remains the most popular home name in the UK, followed by The Cottage, Rose Cottage, The Lodge and Hillcrest. It is also top of the pops for new homes, followed by Orchard House, The Willows and Fairview. Dunroamin' is well down the list.

The *bangolo* was the Bengal peasant's tent-like hut; the British Raj copied the style and added such refinements as the veranda for greeting guests and taking tiffin. Back in Britain, many a colonel built a replica of his *bangolo*, facing north to avoid the heat of the midday sun – even in Scotland.

The very word "bungalow" raises a condescending smile in some company; in Wales, Dai Bungalow is a term for someone of low intelligence (because he does not have a lot upstairs). But a seaside or country bungalow in East Anglia remains the dream for many east Londoners.

Bennett Homes, of Lakenheath in Suffolk, has cornered the market, having built more than 5,000 of them since 1947. Its chairman, Nigel Parker is the modern equivalent of the Victorian builder R.A. Briggs, who became known as "Bungalow" Briggs; plans of those Victorian buildings show a sophisticated level of development with cavity walls, wall ties and damp-proofing.

Briggs tempted city dwellers to buy his buildings in the country "to escape the grime, bustle and hurry." He wrote of them: "A cottage is a little house in the country but a bungalow is a little country house, a homely place, with verandas and balconies, the plan so arranged as to ensure complete comfort with a feeling of rusticity." Even then, though, the bungalow had its opponents: one writer believed they stood for "all that is vile and contemptible."

Briggs' designs came at a time of change in rural Britain. Town dwellers with surplus capital often saw a bungalow as a pleasant investment. The little buildings gained notoriety among contemporary gossip writers, such were the (supposed) "goings-on" behind the French windows. Bungalow building boomed after the first world war, peaking late in the 1920s, and they remain popular with many. But, where land is scarce, builders often are reluctant to construct them: a bungalow really needs a fifth of an acre plot, whereas a two-storey house can make do with much less.

Land prices in parts of East Anglia allow Bennett the space. The firm has 14 basic designs, each adaptable to individual needs; and although they look similar from the street, they are bespoke homes within. Bennett, however, is no sleepy rural builder tucked away in the Suffolk countryside. Its marketing strategy has won many awards for initiative, not least a "lend a home" scheme that enables buyers, for just £35 a month, to move in immediately while their own bungalow is built. Potential customers have travelling costs reimbursed when they visit the firm.

With 6m people in Britain aged between 55 and 65, and more than 50 per cent of older people owning their home, other builders could do worse than crib some of Bennett's ideas. Its marketing is aimed at the active over-55s but its designs also catch the eye of younger buyers, even first-timers. Prices start at around £65,000. Its latest development is at Holt, close to the north Norfolk coast. This little town, not far from Cley (pronounced Clie) and only nine miles from Cromer, is an anachronism where it is possible to arrive by steam train and be met by horse-drawn carriage. And there are proper shops, with friendly staff actually serving the customers.

Not that Bennett has a monopoly on bungalows. Anglia Secure Homes is a retirement specialist and sales director Ruth Rivers says: "Many buyers want to retain a 'house' lifestyle without the problems of stairs and big gardens but with the extra security of a retirement development. Before designing a development, we study the local vernacular architecture; if bungalows are a popular house type there, we are pleased to build them as they provide variety of choice."

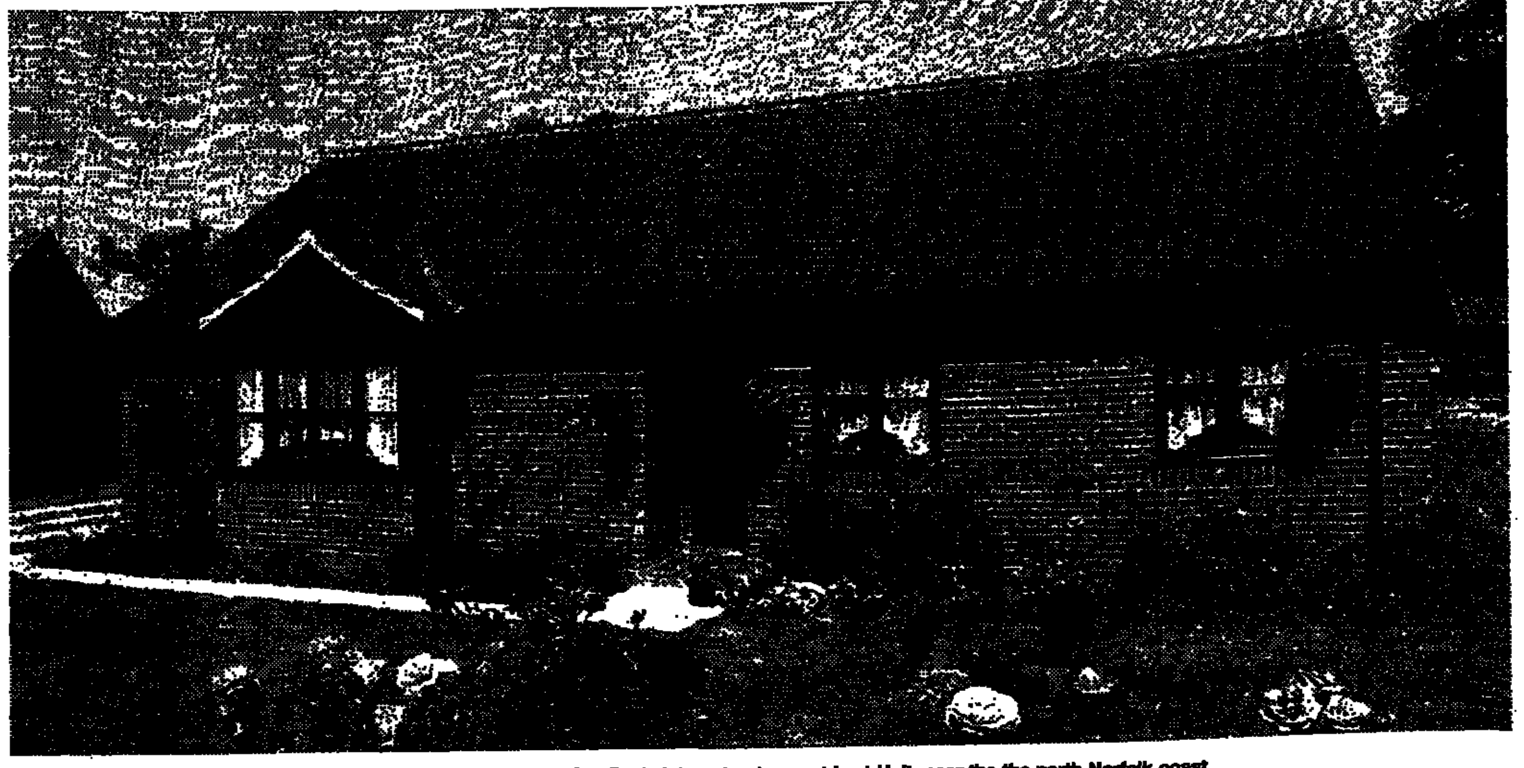
Among the bungalows on Anglia's books are two-bedroom units at Ashdene Gardens in Kenilworth, Warwickshire, priced from £70,950; and others at Harrison Court, Hitchin, Hertfordshire, at £83,000.

Crest Homes, in the Midlands, says its semi-detached bungalows in mixed developments are proving especially popular at present and sales manager Maureen Haywood reports signs of greater movement in the housing market.

Bungalows in culs-de-sac in the Whitwick area are appealing to older people moving from homes that were too large for them and which lacked modern amenities, she says. As with many builders, Crest is offering a part-exchange scheme, buying in the existing home. Prices of the bungalows start at £52,950.

So, the much-maligned bungalow is alive and well. Briggs was right, after all...

■ *Further information: Bennett Homes, tel: 0842-860-765; Anglia Secure Homes, 0206-752-200; Crest Homes, 0827-60-888.*



A design for living ... Bennett Homes' "Walsingham" bungalow. The firm's latest development is at Holt, near the the north Norfolk coast

The jewel next door to the West End

*Once, Regent's Park had more peasants than crescents. Things have changed, reports **Faith Glasgow***

MANY WOULD count Regent's Park as the jewel in London's rich crown of parkland. But it is more than just space and greenery; the necklace of creamy, neo-classical terraces which edge it was designed by John Nash as an integral part of the whole. The area was mostly farmland leased from the Crown – more peasants than crescents – when the Prince Regent and Nash, his favourite architect, decided to develop it in 1811. The ambitious plan was for a "garden city" stretching all the way down Regent Street to St James's Park; but only the terraces and a handful of the 56 villas planned for Regent's Park had been built when it was opened to the public in 1835.

Today, property in and around the park, next door to the West End, is among the most sought-after in London; a modest two-bed flat will set you back £250,000. Knight Frank & Rutley has a three-bedroom flat in Cumberland Terrace (which, unlike the other terraces, contains only apartments) for £400,000. At the other end of the scale, this is where you will find the most expensive house ever sold in London. The Holme, which lies beside the boating lake and includes four acres of land and a nine-car garage, fetched £25m in spring 1991.

This, however, was something of an exception. Neil Gilchrist, of estate agent Lassmans (who handled the sale of The Holme), says since the end of 1990 the market has, by and large, been "completely dead." He explains: "Our biggest problem until recently has been the lack of overseas buyers because of the weak dollar. As a consequence, prices have fallen at least 25 per cent. It has taken this long for them to come down to sensible levels because a lot of owners were just not prepared to drop their prices at first."

For some, though, the bleak scenario has involved more than a price drop. Lassmans has on its books a Grade I-listed house in Hanover Terrace, on the west side of the park, which was repossessed from the previous owners. They paid £1.9m in 1988; it is now on offer at £1.35m complete with four double, en-suite bedrooms; numerous living rooms; a staff suite; sauna; 60ft garden, and a mews house.

Admittedly, it lacks niceties such as a kitchen: that was ripped out and sold before the eviction. Gilchrist estimates the new owner will have to spend £200,000 to restore the property. "This hasn't the cachet of, say, Eaton Square [in Belgravia]," he says, "but then, it would cost about £4.5m there. This is really good value now." Meanwhile, Knight Frank & Rutley has a similar house next door (but with some fitments) for around £1.475m.

Unlike much of the property around the park, the 20 houses of Hanover Terrace have private gardens. But Chester Terrace, on the eastern side, has communal gardens instead and Gilchrist describes it as "secure and popular." Lassmans is selling numbers 34 and 41 at £1.35m and £1.4m respectively; for that, you are looking at recently refurbished five-bedroom houses with staff accommodation in the basement and great views.

Knight Frank & Rutley has one of Nash's few villas for sale. Nash House, which he is thought to have built for his own use, is a pretty, Grade I property in Chester Terrace for which the agent is asking £1.55m – £200,000 less than when it first came on the market in May 1992. But it is not necessary to move into the million-plus league for a house in Regent's Park. If you are prepared to sacrifice the view, you could pay less than £1m for 5 Chester Terrace, just round the corner. And for smaller houses such as 8 Chester Place – which still contains five bedrooms and is also on Lassmans' books – the asking price falls to a mere £600,000.

Although it was the prolific Nash whose work established Regent's Park as the cutting edge of architectural design in its day, he did not monopolise the area entirely. St Katherine's Precinct by the Danish Church, which was built as an ancient charitable foundation, was designed by Ambrose Poynter, a student of Nash but no fan of his (indeed, they hated each other). The precinct's collegiate Gothic style cocks a hefty snook at Nash's classical facades, pillars and statues. One six-bedroomed house there, modernised fully and with a 60 ft garden, has come onto Savills' books recently at £1.275m. Another, with Lassmans, needs around £250,000 spent on it but compensates with an asking price of £450,000.

In a late-'80s neo-classical extravaganza, Quinlan Terry designed three showpiece villas. The Ionic Villa sold in a couple of months two years ago, but number two, the Veneto Villa, has been on the market for well over a year at £6.75m, complete with every conceivable mod con and Palladian flourish. Poynter would turn in his grave.

■ *Further information from: Lassmans, 35-37 Davies St, London W1. tel. 071-499 3434; Knight Frank & Rutley, 20 Hanover Square, London W1, 071-629 8171; Savills, 7 Perrins Court, Hampstead, London NW3, 071-431 4844.*

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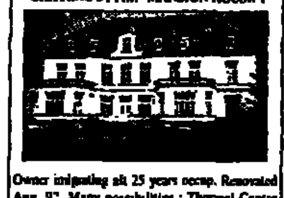

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A converted Malta farmhouse available for around £122,000

Island sun traps with a tax carrot

***Audrey Powell** considers the similarities – and differences – between Malta and Cyprus*

MALTA OR Cyprus? How does one make a comparison between the two islands as the location for holiday or retirement homes?

Both are in the Mediterranean and are sun traps, and each has a golf course. Beyond that, at first Malta 17 miles long and flat, and Cyprus stretching 150 miles and mountainous, might seem to have little in common. Yet both were once under British rule and popular with retired British service families. Both had periods when they lost their attraction – during the Mintoff regime in Malta and the Turkish invasion of Cyprus.

Now they are back in favour, with a different government in Malta and years of peace in Cyprus. (United Nations-sponsored talks between the separate sectors of the island are being resumed). Both Malta and Cyprus offer beneficial tax arrangements and a lower cost of living than Britain.

English is understood on both islands although too much reliance should not be placed on this. The Briton who asked a Maltese builder to paint a wall came back to find it demolished, through a misunderstanding.

On both islands foreign buyers may purchase only one property. In Cyprus they may not let (though many do). In Malta they may only let if the property has a pool.

On both islands flat roofs have been the style in the past, though changes are creeping in. In Malta the properties, of mellow limestone blocks, look Biblical – if you ignore the television aerials. In Cyprus the flat roofs tend to look unfinished, as they may have been, awaiting a further storey for a daughter's dowry. Now daughters work and do not need dowries, and solar water-heating apparatus sits on the roof.

In Malta a foreign buyer cannot purchase a property costing less than about £26,250 (£31,000 with stamp duty and legal fees), to leave the lower-priced homes for locals. But there is plenty of choice above that.

Generally, the property market retains its upward trend, says Eric Mason, of the Malta & Gozo Property Group. Over the past 12 months houses with gardens have shown a sharp increase – averaging 30 per cent for detached villas or farmhouses. With flats in holiday areas, where supply exceeds demand, value has only increased by up to 5 per cent. Yet apartments in popular residential areas, such as Sliema and St Julians, have shown increases of up to 20 per cent.

In the first nine months of last year sales to foreigners dropped 20 per cent, mainly due to the absence of the British. Some buyers are going ahead with purchases, using an 8 per cent, five-year, interest-only Maltese mortgage facility.

An EC-funded structure plan for the Maltese islands has been drawn up by British planning consultants Colin Buchanan & Partners, in conjunction with Generale Progetti, of Rome, and is being implemented. This will limit new development which could increase prices of larger houses. Over the past 20 years property prices in Malta have increased by an average of 13.5 per cent a year, says Mason. He thinks this could continue.

Prices go up to £525,000 but the most popular price for foreign buyers is the £50,000 to £150,000 band. That could buy a converted farmhouse with valley views. Prices of farmhouses, with their interior arches, courtyards and often stone steps at the side of the building, depend on condition. One with two bedrooms – and the possibility of three more – a garage and garden is £22,000 including stamp duty and legal fees. There is plenty of new property. This may be offered in shell form, to be completed as a buyer likes, as in the case of Park Towers in St Julians where there are nearly 60 flats and penthouses with two to five bedrooms, verandahs and garages. A three-bedroom flat is £92,300; a penthouse, £166,250. All have sea views. Some flats, new or resales, are sold furnished.

Property lists and copies of a new guide, *Moving to Malta*, published by the finance ministry, are available from the Malta & Gozo Property Group's office at Ashford, Kent (Tel: 0233-720216).

In the Greek sector of Cyprus few older properties come on the market. Families tend not to sell the appealing houses, with their verandahs wreathed in vines, in the mountain villages. So the selection is mostly among the many new developments in coastal towns like Paphos and Limassol. There are also some projects in the hills inland. The D Zavos Group (0708-450784), with about eight developments on the island, has a price range of from £35,000 for compact bungalows to £50,000 for specially designed villas.

Cybarco (071-436-3881), with its own clutch of schemes, has marina beach apartments back from the water in what is becoming a hotel part of Limassol. There will be 100 apartments, with the first blocks finished next month. Prices from £40,000.

A Cyprus reader gives a warning to the potential buyer who might be swayed by the friendliness of the people and the choice of property and decide on a spur-of-the-moment purchase. Procedures are not hurried in Cyprus and it can take 18 months for permission to transfer a property from seller to buyer. The authorities receive many applications and like to check papers thoroughly and ensure that the "right sort of people" will be coming to live in their sector of the island. Thus, there is a a period of limbo during which, in the absence of proper legal assistance to safeguard a buyer, it is possible for problems to occur.

When a developer or seller offers the services of their advocate to handle both sides of the transaction to save enormous costs, a number of buyers accept an offer which cannot be loaded in their favour.

A buyer should always appoint his own advocate, negotiating the fee before appointment. A list of advocates is available from the British High Commission in Nicosia. For British people planning a purchase, a visit to the Citizens' Club in Nicosia, Larnaca, Paphos or Limassol is recommended.


Houses in the Cybarco development at Limassol

A quiet French corner

PROVENCE, it seems, is passé. The Dordogne has been done to death. Where next for the discerning British francophile trying to beat the crowds to a little corner of real rural France?

Well, one could do worse than Languedoc Tarn – the hinterland of Toulouse, in the south west. Barry Fryer has gone to the extent of buying a small dilapidated château standing in 55 acres of parkland half an hour's drive from the city. It used to belong to the English secretary of Charles de Gaulle, the French president, during the last war.

Fryer is an architect/developer, and Château Séran is an ambitious project. He is restoring and converting the château's outbuildings into individual apartments and houses for sale, keeping the main building and grounds as a select country club.

It is his third such development in the area having completed and sold all 24 houses in his previous two projects.

Outbuildings have been converted into a selection of cottages and houses for sale, some with their own private gardens, some without. The first have been completed. There will be 20 in all, priced from £65,000 to £95,000 – and they will include mod cons like central heating and washing machines.

Fryer's preoccupation is with quality artisan workmanship, in keeping with the character of the buildings themselves: he stresses preservation and restoration, opting for plain whitewashed walls, tiled or stripped floors, and hardwood fitments.

An annual maintenance charge of £1,000 covers services including security and maintenance checks and full use of club facilities including tennis courts,a pool, riding stables (the château is surrounded by 50km of bridleways), a restaurant, billiard room and business facilities.

It is planned to open the country club to a limited non-resident local membership as well.

■ Full details are available from Fryer at Chateau Séran, 81500 Massac, Lavaur, France. Tel 63 58 30 08, fax 63 58 28 37.

Faith Glasgow

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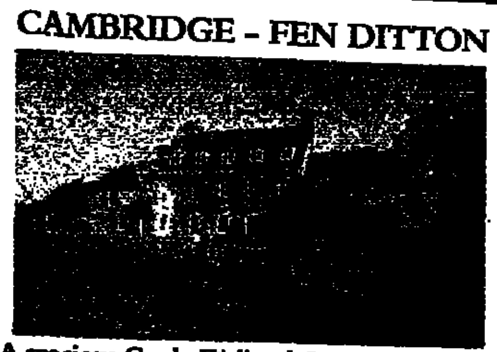

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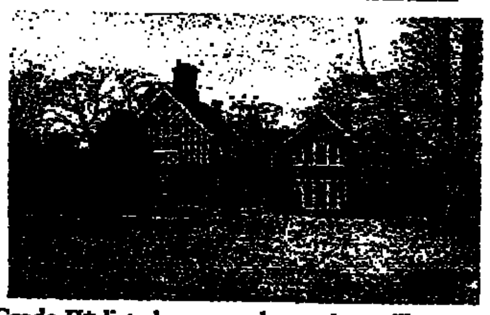

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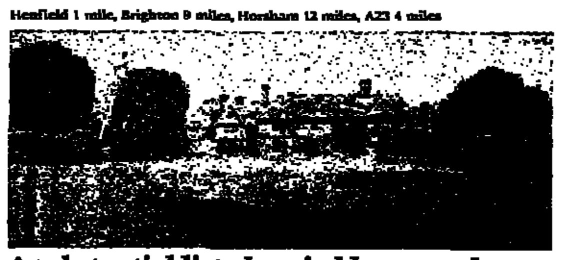

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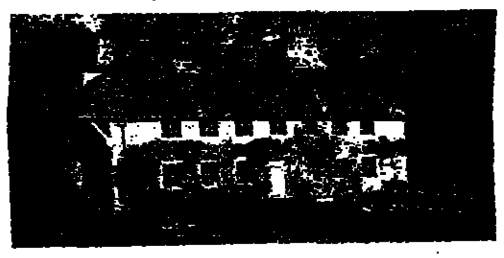

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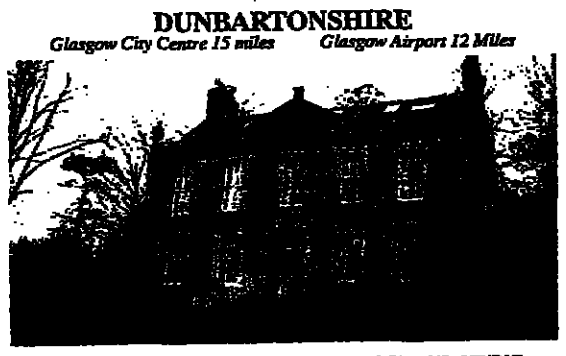

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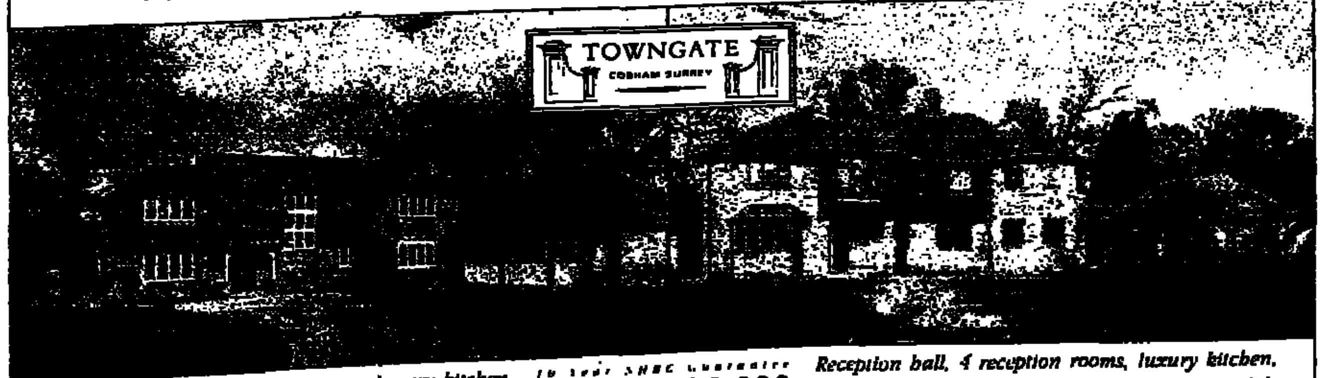

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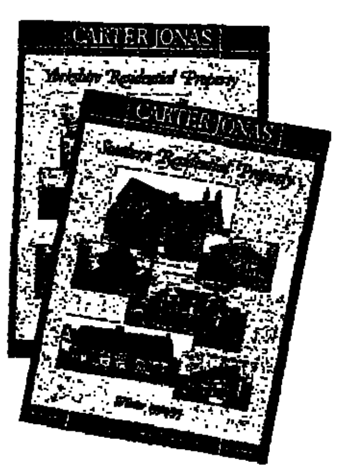

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